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ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1981

STATE OF OREGON

VICTOR ATIYEH , GOVERNOR

EXECUTIVE DEPARTMENT

ROBERT W. SMITH, DIRECTOR

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STATE OF OREGON
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 1981

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INTRODUCTION

VICTOR ATIYEH
GOVERNOR

Executive Department

155 COTTAGE STREET N.E., SALEM, OREGON 97310

October 31, 1981

GOVERNOR
MEMBERS OF THE LEGISLATURE
AND OTHER CITIZENS OF OREGON

It is a pleasure to present the annual statewide financial statement for the State of Oregon prepared in accordance with ORS 291.040.

The accompanying unaudited statements present the financial condition of the State of Oregon as of June 30, 1981 and the results of operations for the year then ended. These statements are presented in accordance with generally accepted accounting principles applicable to governmental agencies.

The financial statements include the financial transactions of all state agencies. Supporting financial information, statistics, and notes are provided as considered necessary to completely and adequately disclose the financial status of the State.

Some variances in accounting procedures, policies, and accounting systems still complicate statement preparation and presentation. New administrative requirements have been established to improve and standardize reporting statewide. The notes to the financial statements will identify any material variances affecting this report.

Inasmuch as these financial statements were prepared from the accounting records of the agencies prior to audit, they are presented as unaudited financial statements, and no independent auditor's opinion is provided.

The efforts expended in developing these financial statements provided many benefits to the State including establishment of statewide accounting policies, standardization of accounting and reporting in the state agencies, and requirement of agencies to maintain more complete and timely accounting records. Formal financial training courses were implemented this year to further improve financial management and reporting in Oregon.

We hope that we have provided financial statements which will be valuable to legislators, concerned citizens, and investors. Suggestions or comments are always welcome.

Robert W. Smith
Director

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ORGANIZATION OF OREGON STATE GOVERNMENT

General Organization

The government of the State of Oregon is comprised of three separate branches: Executive, Legislative and Judicial.

The Executive branch of government, which administers state agencies and enforces state laws, is headed by six independently elected officials.

The Governor, Secretary of State and Treasurer, in addition to performing their individual duties, jointly form the Land Board. The three members of the board have equal responsibility with the Governor, who is chairperson.

The Attorney General, Superintendent of Public Instruction and Labor Commissioner are elected to carry out the particular duties of their respective divisions.

The Executive Branch

The Governor of Oregon is elected to a four-year term and is limited to serving two terms in any twelve-year period. Governor Victor Atiyeh assumed office on January 8, 1979.

Responsibilities of the Governor, in addition to chairing the Land Board, included planning and recommending a budget to the State Legislature, coordinating activities of state agencies, initiating future state activities, and coordinating services of federal and local governments.

The Governor may call special sessions of the Legislature and veto single appropriation items or emergency clauses on legislative bills. He appoints numerous agency heads, boards, commissioners and other officials.

The Secretary of State is the auditor of public accounts and chief elections officer for Oregon. As auditor the Secretary of State conducts audits for municipal corporations and audits the accounts and financial affairs of state boards, commissions, departments and institutions. The Secretary of State also edits, codifies and publishes Administrative Rules for all state agencies, which supplement laws passed by the Legislature and prescribe the manner in which state agencies conduct their business.

The State Treasurer is responsible for all moneys paid into the State Treasury, and as the State's Investment Officer, invests trust and General Funds. The Treasurer also receives and disburses state funds, has custody of securities deposited with the state, and oversees the issuing, paying of interest and retiring of bonds. The Treasurer is a member of the Oregon Investment Council, the State Land Board, the Local Government Investment Board, the Municipal Debt Advisory Commission, the Public Contract Review Board, and the Oregon Mass Transportation Financing Authority.

The State Land Board was created by the 1967 Legislature to supervise administration of state-owned lands and public rights in submerged and submersible lands. Proceeds from the use of these lands are deposited as principal in the Common School Trust Fund. Interest from the fund is paid to counties for school operation.

The Legislative Branch

Oregon's Legislative branch is comprised of a bicameral Legislative Assembly and its permanent and temporary Legislative committees, established by statute. The Senate has thirty members elected to four-year terms with half elected every two years. The House of Representatives has sixty members, all elected every two years.

The Legislature convenes its regular session in January of each odd-numbered year. The current Legislative session began January 12, 1981. Session length is not prescribed in the Constitution, although it is usually about six months. The Assembly considers an estimated 2,500 to 3,000 measures introduced during the regular session and enacts 25% to 30% of these measures.

Special sessions of the Legislature may be called by the Governor or by a majority of each house to deal with emergency situations. Since 1970, the Legislature has held five special sessions, from one to fourteen days, all called by the Governor. The Legislative Assembly has never exercised its right to call itself into special session.

The primary functions of the Legislative Assembly are to enact laws, to provide a forum for public discussion, and to determine fiscal policy together with the Executive branch. Certain Executive decisions are subject to confirmation by the Legislature. In addition, since 1977, Oregon has had a "sunset" law under which certain agencies are terminated unless their continuation is approved by the Legislature.

The Oregon Constitution, Article IX, Section 6, provides that the state may not budget expenditures in excess of revenues. Therefore, the Legislative and Executive branches must provide a balanced budget. The Legislative Assembly reviews and revises the Governor's recommended budget and passes appropriation measures to provide revenues. Because the Legislature convenes biennially, the finances of the state are managed on a biennial basis.

Of primary importance in the Legislative branch is the Emergency Board, a joint Legislative committee created by statute. The seventeen-member Emergency Board consists of the President of the Senate, Speaker of the House of Representatives, Co-Chairpersons of the Joint Legislative Ways and Means Committee, six other Senate members and seven other House members.

The Emergency Board usually meets once each month during the interim between regular sessions, and by statute may schedule its own meetings.

Where an emergency exists, the Emergency Board may allocate to any state agency, out of emergency funds appropriated to the board for that purpose, moneys in addition to those allocated by the Legislative Assembly. The board may take other actions to meet emergency interim needs such as providing funding for an activity required by law, authorizing expenditures from dedicated or continuously appropriated funds, and approving funding for a new activity coming into existence at a time which would preclude submitting a budget to the Legislative Assembly.

In addition, the Legislature has a variety of statutory and interim committees that function throughout the biennium. Legislative Counsel Committee, Legislative Administration Committee, Land Use Committee, Data Processing Committee, Senate Executive Appointment Committee, Trade and Economic Development are the major statutory committees. The major interim committees are the Joint Interim Revenue Committee, Joint Interim Judiciary Committee, Interim Committee on Sunset Review, House Interim Committees and Senate Interim Task Force Committees.

The Judicial Branch

The Judicial branch consists of the Supreme Court, the Court of Appeals and the Tax Court. In addition, the State pays the salaries of Circuit and District Court judges. The seven-justice Supreme Court was created and its jurisdiction defined by the Constitution. Primarily, the Court has discretionary review of decisions of the Court of Appeals.

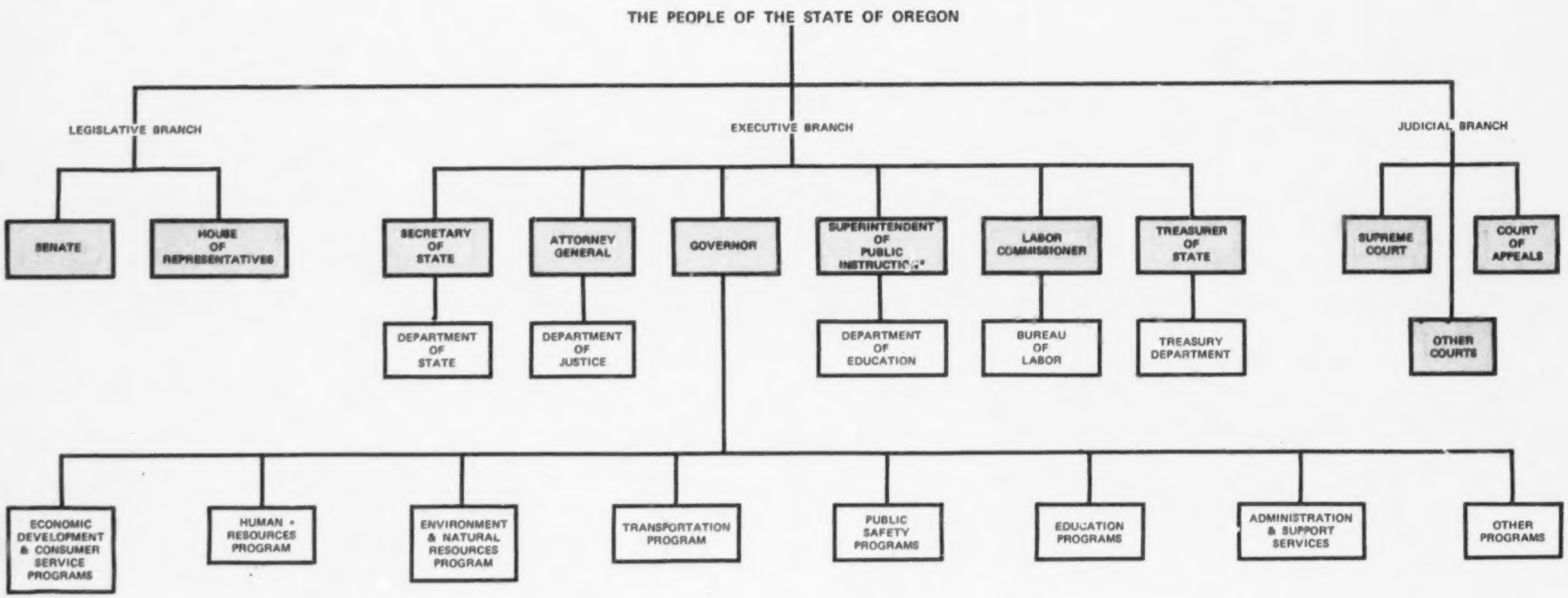
A five-judge Court of Appeals was created by the Legislature in 1969, expanded to six judges in 1973 and expanded to ten judges in 1977. The Court of Appeals has exclusive jurisdiction over all civil and criminal appeals from circuit and district courts and review of orders of state administrative agencies, Corrections Division disciplinary actions and Board of Parole orders.

The one-judge Tax Court, created by the 1961 Legislature, has exclusive jurisdiction over tax related matters. The Circuit Court is the state trial court of general jurisdiction, and the District Court the trial court of limited jurisdiction.

All judges are elected to six-year terms on a nonpartisan ballot and by statute, the Chief Justice exercises administrative authority over the courts of Oregon.

The organizational chart on page 4 summarizes the organization of Government in Oregon.

STATE OF OREGON
ORGANIZATION OF GOVERNMENT


THE PEOPLE OF THE STATE OF OREGON
LEGISLATIVE BRANCH
EXECUTIVE BRANCH
JUDICIAL BRANCH
SENATE
HOUSE OF REPRESENTATIVES
SECRETARY OF STATE
ATTORNEY GENERAL
GOVERNOR
SUPERINTENDENT OF PUBLIC INSTRUCTION*
LABOR COMMISSIONER
TREASURER OF STATE
SUPREME COURT
COURT OF APPEALS
DEPARTMENT OF STATE
DEPARTMENT OF JUSTICE
DEPARTMENT OF EDUCATION
BUREAU OF LABOR
TREASURY DEPARTMENT
OTHER COURTS
ECONOMIC DEVELOPMENT & CONSUMER SERVICE PROGRAMS
HUMAN RESOURCES PROGRAM
ENVIRONMENT & NATURAL RESOURCES PROGRAM
TRANSPORTATION PROGRAM
PUBLIC SAFETY PROGRAMS
EDUCATION PROGRAMS
ADMINISTRATION & SUPPORT SERVICES
OTHER PROGRAMS

▨ SHADING DEPICTS ELECTIVE OFFICES

*The Superintendent of Public Instruction reports to the State Board of Education appointed by the Governor.

STATE PROGRAM AREAS

Economic Development and Consumer Services

Since 1970, Oregon's economy has expanded rapidly. However, this expansion has also given rise to increasing demands for a wide variety of public services related to consumer protection, business regulation and public safety in the commercial sector. These demands have been met through more effective operation of existing programs and through the consolidation of overlapping activities wherever possible. The common elements of the many State agencies in this program are the safety and protection of the Oregon public as consumers and producers, as employes and employers, and as savers and investors. In the area of economic development, a variety of local economic stimulation projects are intended to provide more job opportunities for Oregonians and to generally stimulate Oregon's economy.

Education

The education program area includes the Department of Education, the Department of Higher Education, and educational support agencies. The Department of Education, acting under the direction of the State Board of Education, exercises all administrative functions of the State relating to supervision, management and control of public, elementary and secondary schools and community colleges. The Department of Higher Education provides direct educational services through the State colleges and universities. The activities of both Departments are coordinated by the Oregon Educational Coordinating Commission.

Human Resources

Human resource agencies offer a variety of social services. Services offered include financial support to needy persons, medical care, protective services, and rehabilitation.

Natural Resources

The overall goal of the agencies in this program area is to conserve, develop and protect the State's natural resources.

Public Safety

The overall goal for the public safety program area is a reduction in the amount of harm to individuals and damage to property caused by events of natural disasters, civil disorders, traffic accidents, criminal activities and armed conflict. Other major objectives include improvement of criminal prosecution and consumer protection from fraudulent business practices.

Transportation

The transportation program area consists of the Department of Transportation, the Traffic Safety Commission and the Travel Information Council. The basic goal of the Department of Transportation is to provide the State with systems of transportation which are safe, are environmentally compatible and provide for orderly economic growth. The objective of the Traffic Safety Commission is to promote traffic safety in Oregon by the use of Federal grants to State agencies and local governments. The Travel Information Council develops and maintains a Motorist Information and Sign Plaza Program and promulgates regulations to control on-premise signs and signs in unzoned commercial and industrial areas.

Administration and Support Services

This program area includes those agencies which provide either executive leadership or administrative and planning support services to line agencies.

Legislative Branch

The Legislative Branch is comprised of the Legislative Assembly and the permanent and temporary legislative committees. The bicameral ninety member Oregon Legislative Assembly convenes in odd-numbered years in regular legislative session. The Assembly considers an estimated 2,500 to 3,000 measures introduced during the regular session and enacts 25% to 30% of these measures. Permanent, statutorily established legislative committees provide special staff services to the Legislature. The Emergency Board is a joint legislative committee authorized to make allocations to State agencies from the State Emergency Fund and Other Funds, including dedicated or continuously appropriated funds, and to take other actions to meet emergency needs when the Legislature is not in session.

Judicial Branch

The judicial program area is comprised of the state supported portion of the Judicial Branch of government to ensure an effective judicial system for the State.

STATE BUDGETARY PROCESS

Each agency of the State of Oregon is required by Oregon Revised Statute 291.208 to submit a budget request to the Executive Department prior to September 1 of each even-numbered year. Throughout the fall these budget requests are reviewed and budget hearings are held by the Executive Department and by the Governor. The Governor's budget recommendations to the Legislature must be printed and distributed by the beginning of December. Appropriation bills for each agency are prepared separately and filed during December. When the Legislature convenes in early January the Committee on Ways and Means, a joint committee of both legislative Houses, can begin consideration of each bill.

The Legislative Fiscal Office functions as the staff of the Ways and Means Committee, analyzing each budget. Public hearings are held by Ways and Means Subcommittees before the recommended budget bill is referred to both houses of the Legislature for a final vote. The Governor may veto any bill. This would render that particular agency budgetless, but the Governor's veto may be overridden by a two-thirds vote of the Legislature.

Since the Oregon Legislature is in session for only approximately six months out of every two years, agencies may request supplemental funding from the Emergency Board of the Legislature, for the interim period. The Emergency Board is a joint legislative committee authorized to make allocations to state agencies from the State Emergency Fund and Other Funds, including dedicated or continuously appropriated funds, and to take other actions to meet emergency needs when the Legislature is not in session. The Emergency Board is composed of seven Senators and eight Representatives who meet once a month.

STATE ACCOUNTING FUNDS

For the purposes of governmental accounting, a "fund" is an independent accounting entity, with a self-balancing group of accounts, for recording assets, liabilities, and equity of the government with respect to certain activities or objectives. There are ten such categories recognized by the National Council on Governmental Accounting, which is the primary source of authority and guidance in governmental accounting. The nine categories which are utilized in Oregon's financial reports are:

- Governmental Funds
  - General Funds
  - Special Revenue Funds
  - Debt Service Funds
  - Capital Project Funds

- Proprietary Funds
  - Enterprise Funds
  - Internal Service Funds

- Trust & Agency Funds

- Account Groups
  - General Fixed Assets
  - General Long-Term Debt

General Fund

The General Fund accounts for ordinary operations financed by appropriations from general revenues and used for general governmental purposes.

The General Fund is used to account for all state revenues not allocated for specific purposes. These revenues are collected by various state agencies and are deposited to the account of the State Treasurer to be credited to the State General Fund. Disbursements from the State General Fund are made to pay expenditures against legislatively approved appropriations.

General Fund appropriations for debt service and capital improvement or capital construction projects are reported in the Debt Service Fund or the Capital Project Fund, respectively.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulations. Special Revenue Funds are established to account for taxes, licenses and other revenue allocated by law to specific purposes. These revenues are collected by an agency and deposited in the State Treasury in the agency's own receipted account. Expenditures are then made out of the account and are usually charged against a legislative approved limitation.

Any portion of an agency's operation not covered by another fund definition is reported as a Special Revenue Fund.

A Special Assessment Fund accounts for special assessments levied to finance public improvements or services deemed to benefit the properties against which the assessments are levied. Only one Special Assessment Fund, Forest Protection, exists in the State of Oregon. For expediency, this fund has been combined with the Special Revenue Funds.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for and the payment of interest and principal on long-term debt other than revenue bonds. They include debt service funds provided by General Fund appropriation.

Most Debt Service Funds are essentially "flow-through" vehicles through which current period principal and interest requirements and payments are accounted. Such funds are apt to have minimal (if any) fund balances at year-end. These funds reflect the liability for matured general obligation bonds which have not been redeemed.

Capital Projects Fund

Capital Project Funds account for financial resources segregated for the construction or acquisition of major capital facilities. They include construction financed by General Fund appropriations.

A Capital Projects Fund is established upon project or debt issue authorization by the Legislature. All expenditures necessary to bring the facility in question to a state of readiness for its intended purpose are reported as Capital Project Fund costs. In addition to the direct cost of items such as land, buildings, materials, and labor, total project costs include such related items as engineering and architect fees, transportation costs, damages occasioned by the project, and other costs associated with the endeavor.

Upon completion of a project, the buildings, or other structures are recorded at cost in the General Fixed Asset Group of Accounts.

Enterprise Funds

Enterprise Funds account for the provision of goods and services to the general public where all or most of the costs involved are paid in the form of charges by the users of such services.

Among the many types of self-supporting activities financed through Enterprise Funds are insurance operations, fair operations and liquor retailing operations.

Issuance of revenue bonds to finance an activity is also indicative of the self-supporting nature of an activity that should be accounted for through an Enterprise Fund.

Enterprise Funds are self-supporting funds. For this reason the revenue and expenditures included in the combined financial statements have been re-structured in the Enterprise Fund report to reflect a net profit or loss from operations. Depreciation and amortization have been included as expenses, and transfers in and transfers out are reflected as other funding sources.

Internal Service Funds

Internal Service Funds account for the financing of goods and services provided by an agency on a cost-reimbursement basis to any other governmental unit, whether state, federal, or local.

Activities handled through Internal Service Funds vary widely both as to type and complexity of operation. Among the types are those used to acquire and distribute items of inventory, such as office supplies or gasoline; operation of motor pools; duplicating and printing facilities; and repair shops and garages. Other examples are purchasing, accounting, auditing, and data processing services.

Internal Service Funds are self-supporting funds. For this reason the revenue and expenditures included in the combined financial statements have been re-structured in the Internal Service Fund to reflect a net profit or loss from operations. Depreciation and amortization have been included as expenses, and transfers in and transfers out are reflected as other funding sources.

Trust and Agency Funds

Trust and Agency Funds account for resources received and held by a state agency as trustee or agent for individuals, private organizations, and other governmental units to be expended or invested in accordance with the conditions of the trust or agency agreement.

A Trust Fund is established to account for assets received and held by an agency acting in the capacity of trustee or custodian. An Agency Fund is established to account for assets received by an agency in its capacity as an agent for individuals, other funds, or other governmental organizations.

If an agency receives resources in a trust and agency capacity, the agency should account and report for the resources in a trust and agency fund. This would include resources collected for redistribution to other funds in the same agency; to the general fund at the State Treasurer; or to other governmental units.

General Fixed Assets Group of Accounts

The General Fixed Asset Group of Accounts is used to account for fixed assets acquired through governmental funds. Fixed assets acquired through sources of Enterprise, Trust or Internal Service Funds are not general fixed assets, but are reported in the accounts of the acquiring fund.

Depreciation on general fixed assets is recorded in the general accounting records only when computed for rate determination or to meet other requirements.

General Long-Term Debt Group of Accounts

The General Long-Term Debt includes all general obligation bonds and long-term liabilities other than the self-supporting Oregon Veteran's bonds and Elderly Housing bonds included in the Enterprise Funds and long-term liabilities incurred in Internal Service, Enterprise, and Trust Funds.

General obligation bonds are secured by full faith and credit of the State and are not deemed to be the obligation of any specific fund. Revenue bonds, however, are the obligation of specific funds and not included in general long-term debt.

GOVERNMENTAL FUNDS

Most government functions of the State of Oregon are accounted for through the four governmental funds. Governmental funds of the State are financed usually from revenue sources received from outside the governmental unit and are expendable only on the general operations of the State of Oregon. Typical resources include proceeds from taxes, licenses, federal reimbursements, long-term debt issuances, and collections made on behalf of other government units, persons, and organizations. The revenues are expended on general government services, acquisition of general fixed assets, payments of interest and principal on long-term general obligation debt, and distributions made to other government units, persons or organizations.

A graphic presentation of revenues and expenditures of the Governmental Funds of the State of Oregon follows on page 12 of this report.

Revenues

The State of Oregon reported a variety of revenues for the fiscal year ended June 30, 1981. Tax revenues constituted the largest single source of revenue. Federal revenue was second. Together they totalled 83% of the revenue collected in the governmental funds. The following is a brief description of the major revenue sources:

Taxes Revenues from individual income taxes and corporation excise taxes represent the largest portion of taxes by Oregon.

Selective sales and use taxes are taxes imposed on the sale and consumption of selected goods, such as cigarettes or motor fuels.

Gross receipts business taxes are levied on business activities such as amusement devices and public utilities in proportion to the gross receipts of the business.

Various other taxes are collected such as those based on the payroll paid in businesses, on the value of property transferred at death or in contemplation of death, and on the removal of designated natural resources from the land and water.

Licenses and Fees Revenue is collected from licensing of certain business and non-business activities within the State of Oregon. Examples of business licenses and fees include fees placed on corporations and licenses necessary for professional individuals to engage in their particular occupations. Examples of non-business licenses and fees include fishing, hunting, and motor vehicle licenses.

Federal Revenues Revenues and cost reimbursements received from the federal government are included under this revenue source. Examples include the revenue received for specific projects undertaken by Oregon and federal reimbursement for highway construction.

Bond Sales Revenue from the proceeds of the sale of bonds is included under this revenue source. More detailed information on bond sales for the fiscal year ended June 30, 1981, is included in the Supplemental Information section of this financial report.

Interest Income Included in this revenue source are the proceeds from interest earned on investments, delinquent taxes, etc.

Other Revenues Examples of other revenue sources of the governmental funds of the State of Oregon include charges for services, fines and forfeitures, sales income, rents and royalties, and contributions and loan repayments made to the State.

A detailed listing of revenues for each accounting fund is provided on page 22 in the Combined Summary of Revenues.

Expenditures

The State of Oregon used various expenditure categories to report the amounts expended during the fiscal year. Almost 53% of the total expended by the governmental funds for the fiscal year ended June 30, 1981 was through special payments. The following is a brief description of the six major expenditure categories:

Personal Services The personal services category includes the gross compensations paid for regular or temporary employment, full and part-time, and all employer payroll taxes and employe fringe benefits.

Services and Supplies This expenditure category includes expenditures in connection with the current operation and maintenance of the State. Services are expenditures in payment of fees for personal services provided by someone who is not an employe of the agency. Supplies are purchases of materials of a consumable nature including repair parts and small tools.

Capital Outlay All expenditures for land and its improvements including buildings, structures, alterations and additions thereto; and expenditures for the acquisition, replacement or increase of tangible personal property of a nonexpendable nature are included in capital outlay.

Special Payments This expenditure category includes payments for distributing contributions, deposits, or collections; distribution of federal funds or state funds to governmental subdivisions or quasi-public agencies; and other budgeted transfers and payments where goods or services are not directly received in return.

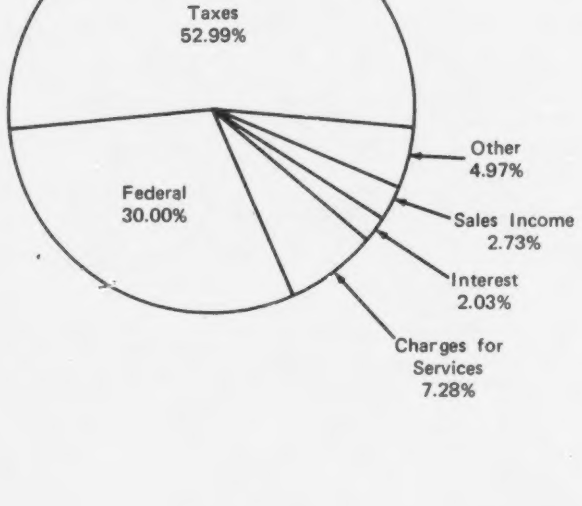
Debt Service Debt service includes payments relative to the maintenance of state debts, including bonds, certificates or indebtedness, etc.

Nonlimited Expenditures This category includes distributions other than shared revenue of taxes, grants, subsidies, etc. to individuals and state agencies of other governmental subdivisions. Depreciation is also reflected in this expenditure category.

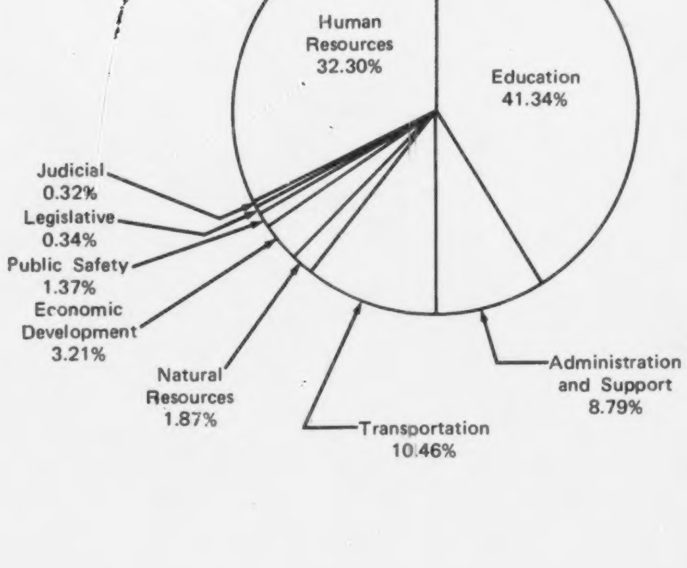
A detailed listing of expenditures for each accounting fund is provided on page 24 in the Combined Summary of Expenditures.

STATE OF OREGON
ACTUAL REVENUES AND EXPENDITURES FOR THE YEAR ENDING JUNE 30, 1981
(Governmental Funds Only)

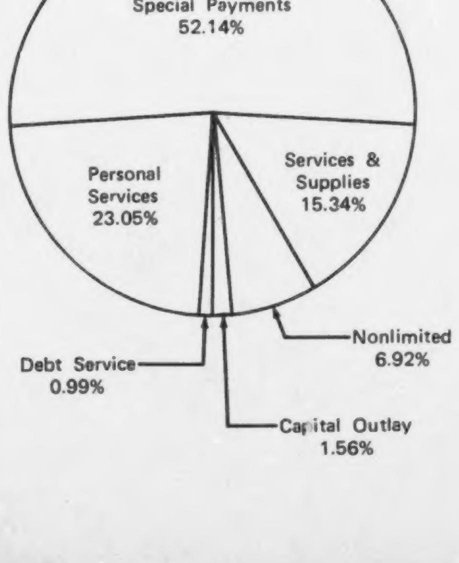
REVENUE BY SOURCE



EXPENDITURES BY PROGRAM AREA



EXPENDITURES BY BUDGET CATEGORY



FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

The following sections include combined and individual financial statements for the various funds maintained by the State of Oregon.

NOTES TO THE STATEMENTS

The notes to the combined financial statements contain a summary of significant accounting policies and other notes considered necessary for a clearer understanding of the financial statements.

STATE OF OREGON
NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements are prepared in conformity with generally accepted accounting principles (GAAP) applicable to state governments. The principal authority for accounting and reporting requirements in Oregon is the Executive Department through promulgation of Administrative Rules and the State Accounting Manual. The Department interprets the guidelines with respect to GAAP applicable to state governments presented by the National Council (Committee) on Governmental Accounting (NCGA) and, more recently, the American Institute of Certified Public Accountants (AICPA) as published in "Governmental Accounting, Auditing, and Financial Reporting (GAAFR)," 1980, and "Audits of State and Local Governmental Units (ASLGU)," 1974.

The Department of Higher Education accounting records are maintained using the generally accepted accounting principles prescribed by the National Association of College and University Business Officers in College and University Business Administration (CUBA, 1974). In order to conform with the financial statement presentation followed by other state agencies, Higher Education's financial data have been restructured.

b. Basis of Accounting

The modified accrual is utilized in reporting for all governmental funds. The accrual basis is utilized in reporting for all proprietary funds. Fiduciary funds are reported using the basis consistent with their measurement objective.

One exception exists to the modified accrual basis of accounting Oregon Revised Statutes (ORS) 366.518 allows the Department of Transportation, Highway Division, to operate using the cash basis of accounting. Therefore, that program area within the report will recognize revenues and expenditures when received or paid. The accounting records of the Highway Division are maintained on a cash basis.

In accordance with Oregon's budget policy, all fund types are included in the budgetary statements (Page 27 through 38).

Receipts and disbursements related to long-term receivables and payables in all funds are treated as revenue and expenditures in the budgetary statements and schedules.

Encumbrances, consisting of contingent liabilities for purchase orders, contracts, or salary commitments, and limited to those that will be liquidated by December 31, are reflected as reserves in the equity section of each fund and are included in the expenditure columns in the budgetary statements and schedules.

c. Investments

Investments for all funds are stated at cost in this financial report. Market values were not available at the time of this report.

	Cost
Designated investments held by State Treasury (Page 83)	$2,443,468,000
Housing Division investments held by banks	91,510,000
SAIF Corporation designated investments held by State Treasury	701,204,000
Other	3,101,000
Total	$3,239,283,000

d. Inventories

Inventories are stated at cost utilizing the FIFO (first-in, first-out) costing method. Physical inventories are required to be taken annually.

In the proprietary funds (Internal Service and Enterprise) inventories are usually defined as the cost of goods held for resale.

In all other funds, inventories are considered the value of supplies on hand for use in the fund's operations.

e. Fixed Assets

The classes used for reporting fixed assets are:

- Land, Buildings and Improvements
- Leased Property
- Construction in Process
- Equipment and Machinery

Fixed assets utilized in proprietary fund activities are reported in the appropriate proprietary fund (Enterprise and Internal Service Funds) because the fixed assets are used in the production of the goods or services provided and sold. Depreciation of these fixed assets must be recorded to determine total expenses, net income, and whether the fund's capital has been impaired.

Fixed assets other than those accounted for in the proprietary funds are general fixed assets. General fixed assets belong to the state government as an instrumentality, and are not accounted for in the governmental funds. They may be acquired by gift or by expenditure from several sources and funds. General fixed assets are reported in the General Fixed Asset Account Group. (Also see Analysis of Fixed Assets, Page 79.)

Fixed assets are reported at cost or estimated cost if the original cost is not determinable. Donated fixed assets are reported at their estimated fair market value at the time received. Land costs include 1,379,840 acres of forest and other lands valued at one dollar per acre.

Roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are normally immovable and of value only to the governmental unit. For this reason, and the fact that accurate cost figures are not maintained, these fixed assets, including the statewide highway system, are excluded from this report. Oregon's airports, however, are included in the Land, Buildings and Improvements category.

Fixed assets costing less than $100 are excluded unless an agency has elected to include them in their property records for control purposes.

Leased property includes leasehold improvements and capital leases of real property. In April of 1980 rules were issued in the State Accounting Manual requiring state agencies to record these previously unrecorded assets in accordance with generally accepted accounting principles. Most of the agencies had complied by June 30, 1981. Offsetting obligations relative to capital leases are reported along with lease purchase obligations in Lease Contracts Payable.

Some of the buildings, such as the one occupied by the Employment Division, were either paid for or are being leased utilizing, at least in part, Federal Funds which may create a federal equity in the property Any federal equities in the State's Fixed Assets cannot be determined at this time and are not reflected in the following financial statements.

f. Depreciation and Amortization

The recording of depreciation or amortization of fixed assets of proprietary funds (Enterprise Funds and Internal Service Funds) is required and is included in those funds in this report.

The recording of depreciation or amortization of general fixed assets of governmental funds is optional, but if it is calculated for any reason, then it is recorded in the accounts of the General Fixed Assets Account Group and is included in that section of this report.

Depreciation Methods: Use of accelerated methods of depreciation such as the declining balance and sum-of-years digits methods is not recommended in Oregon fund accounting. Any generally accepted method an agency is required to use to meet requirements of the federal government or other organization for rate determination or cost recovery purposes is acceptable; otherwise, one of the two following methods is used:

> Straight-line Depreciation which provides for the distribution of the cost evenly over the life of the buildings or equipment.
>
> Working Hour Method which provides for the distribution of costs over the estimated useful hours or days of a piece of equipment.

Amortization is used to distribute the cost of leased property over the life of the property or period of the lease, which ever is shorter.

2. Accounting Records and Audit Policy

Most basic accounting data are initiated at the agency level. Accounting records are maintained by the state agencies using hand-posted systems, bookkeeping machines, and the majority by computer data processing systems.

There are various data processing systems throughout the State of Oregon. The largest, in terms of number of state agencies using the system, is the Executive Department Accounting System. Currently, over seventy agencies use that system. The next largest system, the Department of Higher Education system, includes eighteen agencies, most of which are state universities.

The Secretary of State, as State Auditor, audits the accounts and financial affairs of each state agency not less often than once for each three-year period under ORS 297.210. A copy of the report on each audit is submitted to the Governor, the Legislative Fiscal Officer, and to the Executive Department. The report lists deficiencies in the financial statements, accounting records, or internal control procedures, most of which require corrective action by the agency. Where deficiencies exist, the Executive Department requires a report of the corrective action taken or to be taken by the agency. For more information on this procedure, see Executive Department Administrative Rule 15-050-01 "Audit Review and Corrective Procedures."

3. Cash on Deposit - State Treasury

This account represents all cash on deposit with the State Treasurer. The State Treasury, acting as a bank, invests the deposited moneys in various cash items, short-term receivables and long-term investments. An analysis of this account and a list of the investments by classification appears in the Supplemental Information section, pages 81 through 83.

Although the General Fund cash account shows a deficit balance at June 30, 1981, moneys are moved daily between the cash and designated investments at the State Treasury. General Fund investments exceed the cash deficit. (Page 39).

4. Pension Plan for State Employes

Pursuant to Oregon Revised Statutes Chapter 237, after six months trial service with the State of Oregon, all employes must belong to the Oregon Public Employes Retirement System. The Oregon Public Employes Retirement System collects contributions from both employers and employes for the purpose of funding retirement benefits (called "retirement allowances"). The system covers approximately 122,000 active State and local government Oregon employes and 33,000 retired employes or their beneficiaries. The system is administered by the Oregon Public Employe Retirement Board.

Employe contributions are collected to fund an annuity portion of retirement allowances. Annuities are based on the actual amount of principal and interest accumulated by each employe in his or her account. Effective July 1, 1979 Oregon law changed allowing the State of Oregon to make the employe contribution for most state employes.

Employer contributions are used to fund a pension portion of retirement allowances. The pension portion is based on a statutory formula and is set according to employe's final average salary and term of service.

The pension portion of the allowance is paid exclusively out of interest and principal accumulations from employer contributions.

The system's pension program is a defined benefit plan, and requires periodic actuarial review. Under ORS 237, this review must be performed at least every four years.

The most recent actuarial valuation of PERS (as of December 31, 1979) indicated that there was an unfunded liability for benefits due current employe participants in the plan. That unfunded liability for the State of Oregon as of December 31, 1979, the latest date for which such information is available from the Retirement Board, was $36,700,000 after taking into account PERS assets allocated to the State of Oregon of $224,100,000. In order to liquidate the unfunded liability over a 30 year period, and adequately fund present benefits provided by the plan, an adjustment in employer contribution rates was determined by the Board to be necessary. The present value of nonforfeitable benefits as presented in PERS financial statements as of December 31, 1980, is $90,500,000.

The employer contribution rate for State agencies became 9.65% on July 1, 1979, increased to 10.55% on July 1, 1980, will increase to 11.01% on January 1, 1982, based upon the 12/31/79 valuation.

The financial information regarding the Oregon Retirement System is shown in the Trust and Agency Funds.

STATE OF OREGON
OREGON PUBLIC EMPLOYES RETIREMENT SYSTEM

Year	State Contribution To Fund	Percent Increase	Number Active State Members	Percent Increase
1967	$ 4,753,792	--	27,007	--
1968	$ 5,580,723	17.40%	27,141	.50%
1969	$ 10,798,679	93.50	27,773	2.33
1970	$ 11,931,387	10.49	28,735	3.45
1971	$ 13,061,551	9.47	29,822	3.78
1972	$ 14,038,263	7.86	30,621	2.68
1973	$ 21,735,491	54.28	31,014	1.28
1974	$ 23,910,839	10.01	33,099	6.72
1975	$ 28,059,467	17.35	35,191	6.32
1976	$ 32,943,567	17.41	35,111	-.23
1977	$ 36,425,539	10.57	35,951	2.39
1978	$ 42,270,175	16.05	36,172	.61
1979	$ 52,689,213	24.60	36,757	1.61
1980	$ 63,896,322	21.27	37,935	3.20

Source: Oregon Public Employes Retirement System

5. Deferred Compensation

A deferred compensation program was authorized under IRC 457 and ORS 243.400 to 243.495. It is a benefit available to all state employes wherein they may execute an individual agreement with the state for amounts earned by them to be paid at a future date. Participants in the program are not required to pay federal and state income taxes on the deferred earnings until it is received. Participants cannot receive the funds until certain circumstances are met. These circumstances are termination by reason of death; disability; resignation or retirement. Payments may be made over a period not to exceed the life expectancy of the participant and/or spouse. The state has applied for a private letter ruling.

Moneys accumulated by the state under its deferred compensation plan have been transferred to the Executive Department for deposit with various financial institutions and insurance companies. These deposits are not subject to the collateral requirements of Oregon Law.

Amounts accumulated by the state under the deferred compensation plan are excluded from resources for budgetary purposes. Such amounts represent a general liability of the state to its employes whose rights are equal to but no greater than the rights of other general creditors with respect to such amounts. Similarly, disbursement of funds to employes under the plan, once circumstances of termination occur, are not included as expenditures for budgetary purposes. See Trust Funds, page 72.

6. Unemployment Benefits

State departments are subject to the Department of Employment Act. State employes who qualify are entitled to benefit payments during periods of unemployment. Each state department is required to reimburse the Employment Division for benefit payments made to their former employes. There appears to be no practical method of estimating the amount of future benefit payments which may be made to former employes for wage credits earned prior to June 30. Consequently, this potential obligation is not included in the accompanying financial statements.

7. Employe Leave

It is the State's policy to record the cost of employe leave at the time that the leave is paid. State employes earn annual leave ranging from 8 to 16 hours per month with a maximum leave accumulation of 250 hours per employe. The annual leave accumulations do not cause additional costs to the State until the employe terminates -- then the employe is paid for the amount of annual leave that has accrued in his payroll records.

Sick leave is earned at a rate of 8 hours per month with no limit on the maximum accumulation. The employe is paid when absent due to illness, injury, or a related family problem. Sick leave accumulations only cost the State of Oregon to the extent that amounts are paid to employes even though work is not performed during the period that the employe is absent from work. When the employe terminates, all sick leave accumulations are rescinded. When an employe retires, however, one-half of the value of his unused sick leave is used in computing retirement benefits.

Each employe may also be paid an additional 8 hours per year for any personal occurances that may cause him to be absent from work. This personal leave cannot accumulate from year to year.

Employe Leave (Continued)

Because of the variables (i.e. salary rate, leave accrual rate, etc.) involved in computing the employe leave for the State of Oregon, and the lack of any reporting method, we cannot determine the contingent liability at June 30, 1981.

8. Capital Construction

In April of 1980 accounting requirements for capital improvements and capital construction were added to the State Accounting Manual. Prior to that time these expenditures were recorded in various accounts and funds in the agencies accounting records. For this reason and budgeting complications all capital improvements and capital construction are not reported in the Capital Projects Funds in this financial report. After June 30, 1981 all agencies are required to account for these projects in separate funds and Statewide Financial Reports will report them in Capital Project Funds.

9. Commodity Commissions

Commodity commissions were originally established for the purpose of expanding the markets for specific commodities and encouraging scientific research within those areas. The Department of Agriculture, a state agency, has general supervisory authority over the commissions. Although the commodity commissions are considered state agencies for some purposes (employe eligibility for the State's medical and dental plans, membership in the Oregon Public Employes Retirement System, etc.), ORS 576.311 exempts them from certain financial administration laws. Therefore, the financial information pertaining to agricultural commodity commissions is not included in this report.

10. State Accident Insurance Fund

As of July 1, 1980 a public corporation called the State Accident Insurance Fund Corporation was created to transact the Workers' Compensation Insurance business formerly transacted by the State Accident Insurance Commission. (See Chapter 829, Oregon Laws 1979.)

The financial information regarding the Commission, which operated as a state agency during the fiscal year ended June 30, 1980, is included in the Enterprise Funds of this financial report. The financial information regarding the Commission is omitted from the fiscal year ended June 30, 1981 as it is no longer a state agency.

11. Litigation

Contingent liability for pending lawsuits has not been determined at June 30, 1981.

12. Revenue Bonds

The Summary of Outstanding Debt and Constitutional and Statutory Provisions on page 89 in the Supplemental Information portion of this report lists three types of revenue bonds outstanding. The Housing Project Financing bonds are issued to finance projects managed by the Department of Commerce. The bond proceeds and all resulting transactions are recorded on the agency accounting records and are included in the financial statements in this report. The Oregon Mass Transportation Financing Authority Bonds and Industrial Development Revenue Bonds are not recorded in the accounting records of any state agency. Therefore, the obligation and offsetting assets are not included in the financial statements or schedules except on page 89.

The status and responsibility for these bonds is being reviewed. If it is determined that the State is responsible for accounting and reporting for these obligations, they will be included in future annual reports.

13. Insurance

Insurance programs are administered for the State of Oregon by the Services Division of the Department of General Services. Various specific insurance policies are available to State agencies when the agency has a particular insurance requirement that must be dealt with. The following statewide insurance coverage is available to all State agencies:

Blanket Honesty and Faithful Performance Bond All employes, including elected officials and members of boards and commissions are covered. Currently this Blanket Bond covers the limits of liability in the amount of $100,000 per incident. It also covers the Director of the Department of Transportation and all members of the State Treasurer's office to the liability limit of $200,000 per incident.

General Liability and Vehicle Liability Self-Insurance The tort liability of the State, its officers, employes, and agents, including members of boards and commissions, is self-insured under ORS 30.260 to ORS 30.300. The State is also self-insured for vehicle liability whether the operated vehicle is owned, commercially leased, or controlled. The limits of liability are:

1. $50,000 to any claimant for any number of claims for damage to or destruction of property, including consequential damages arising out of single accident or occurrence.
2. $100,000 to any claimant for all other claims arising out of a single accident or occurrence.
3. $300,000 for any number of claims arising out of a single accident or occurrence.

Restoration Fund Insurance This is a self-insurance property damage or loss program to protect all State property from specific types of losses as provided in ORS 278.020. The Restoration Fund has catastrophic re-insurance to insure the stability of the Fund. This additional commercial policy has limits of $35,000,000 with a $5,000,000 maximum on flood. A $10,000 deductible applies to each and every loss with an annual aggregate deductible of $3,000,000 before the policy comes into effect. The $10,000 deductible continues to apply to every loss after the $3,000,000 aggregate is satisfied.

14. Leases

Financial reporting and accounting procedures differ between leases and lease-purchase agreements. Lease payments are chargeable as services and supplies expenditures; lease-purchase principal payments are chargeable as capital outlay expenditures. Lease-purchase agreements are considered purchase contracts, and the liability is recorded in the financial statements.

The state has entered into various leases for buildings and equipment. Operating leases at June 30, 1981 included the following:

1. Building space including office and warehouse space - approximately 2,247,143 square feet at a monthly rental of $997,139. (Average square feet cost = $.444)
2. Equipment and machinery rental and lease payment information was not determinable at the time of this report.

If the Oregon Legislature should disallow the necessary funding for particular leases, all lease agreements contain termination clauses which provide for cancellation of the lease at the end of a fiscal year. The liability for capital leases of real property is included in the financial report.

The minimum rental obligations for the next five years are:

Fiscal year ending	June 30, 1982	$11,358,450
	June 30, 1983	8,034,156
	June 30, 1984	5,425,594
	June 30, 1985	3,602,713
	June 30, 1986	2,299,375

Lease contract obligations decrease each year because of lease expirations. It is expected these leases will be replaced with leases which have higher rental rates due to inflationary pressures.

15. Changes in Reporting Procedures

For fiscal years prior to the current year, the budgetary basis of accounting as described in Note 1, was utilized for the financial statements as well as the budgetary statements. With this change, Oregon's annual financial report is now presented in accordance with generally accepted accounting principles.

16. Change in Fixed Asset Valuation

The Department of Transportation, Highway Division, corrected the value of their real property included in the General Fixed Assets Account Group. The $149,497,380 adjustment was to write off survey costs previously included in their accounting records.

Combined Statements

COMBINED STATEMENTS

Combined Statements provide a summary overview of the financial position of all funds and account groups and of the operating results by fund type. They also serve as an introduction to the more detailed statements and schedules that follow.

STATE OF OREGON
COMBINED BALANCE SHEET
ALL FUNDS AND ACCOUNT GROUPS

(Expressed in Thousands)

	TOTAL (MEMO ONLY)		GOVERNMENTAL FUNDS	
	June 30, 1980	June 30, 1981	GENERAL	SPECIAL REVENUE
ASSETS				
Cash on Hand and in Banks	$ 5,687	$ 9,559	$ -	$ 130
Cash on Deposit - State Treasury (Note 3)	1,189,263	1,023,176	(12,576)	148,392
Cash with Fiscal Agent	86,569	2,190	-	-
Investments - State Treasury (Note 1)	2,527,469	2,443,468	38,997	86,149
Investments - Other (Note 1)	161,951	795,815	-	12
Securities Held in Trust	626,613	515,791	-	8,502
Receivables	349,063	385,562	327	219,321
Interfund Receivables	196,697	79,524	26,980	20,003
Inventories (Note 1)	42,904	49,760	5,400	13,374
Prepaid and Deferred Expenses	3,535	5,183	-	4,462
Discount on Bonds Sold	4,672	5,704	-	-
Contracts, Mortgage and Notes Receivable	4,698,262	5,597,204	4,779	214,454
Land, Buildings and Improvements (Note 1)	1,218,138	1,097,825	-	-
Leased Property (Note 1)	13,691	2,272	-	-
Construction in Process	4,057	21,751	-	-
Equipment and Machinery	348,052	378,847	-	-
Allowance for Depreciation (Note 1)	(71,170)	(77,984)	-	-
Amortization of Leased Property L-T (Note 1)	(3,236)	(491)	-	-
Available for Retirement of L-T Debt	45,012	52,809	-	-
To be Provided for Payment of L-T Debt	328,199	353,431	-	-
To be Provided for Payment of L-T Liabilities	-	85,458	-	-
Total Assets	$ 11,775,428	$12,826,854	$ 63,907	$ 714,799
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts and Interest Payable	$ 213,031	$ 178,714	$ 15,194	$ 13,327
Interfund Payables	196,697	79,524	3,335	18,457
Trust Funds Payable	1,447,230	1,381,814	-	10,687
Contracts, Mortgages and Notes Payable	32,927	82,482	-	-
Obligation Under Capital Lease	22,782	10,973	-	-
Advances from General Fund	-	4,779	-	-
Matured Bonds Payable	86,677	2,307	-	-
General Obligation Bonds Payable (Page 85)	4,544,741	5,523,265	-	-
Revenue Bonds Payable (Page 85)	321,445	376,490	-	-
Premium on Bonds	15,003	21,217	-	-
Deferred Income	17,525	29,238	-	27,518
Total Liabilities	$ 6,898,058	$ 7,690,803	$ 18,529	$ 69,989
Fund Equity:				
Reserve for Encumbrances	$ 90,974	$ 333,907	$ 20,042	$ 303,313
Reserve for Receivables	335,568	416,948	4,779	214,454
Reserve for Inventories	16,572	19,210	5,400	13,374
Reserve - Other	3,181	1,703	-	1,315
Reserve for Trust Funds	2,211,712	2,536,480	-	-
Reserve for Capital Leases	126	-	-	-
Invested in Fixed Assets	1,402,380	1,320,026	-	-
Retained Earnings	264,615	304,113	-	-
Fund Balance	552,238	203,664	15,157	112,354
Total Fund Equity	$ 4,877,370	$ 5,136,051	$ 45,378	$ 644,810
TOTAL LIABILITIES AND EQUITY	$ 11,775,428	$12,826,854	$ 63,907	$ 714,799

GOVERNMENTAL FUNDS		PROPRIETARY FUNDS		TRUST	ACCOUNT GROUPS	
DEBT SERVICE	CAPITAL PROJECT	ENTERPRISE	INTERNAL SERVICE	AND AGENCY	GEN. FIXED ASSETS	GEN. LONG TERM DEBT
$ -	$ -	$ 4,054	$ 3	$ 5,372	$ -	$ -
21	6,351	293,540	16,848	570,600	-	-
2,190	-		-	-	-	-
52,640	21,526	160,132	23,016	2,061,008	-	-
-	237	91,545	-	704,021	-	-
-	640	-	-	506,649	-	-
4	1,020	42,181	6,862	115,847	-	-
3,375	507	20	14	28,625	-	-
-	-	18,465	12,085	436	-	-
306	-	400	15	-	-	-
-	-	5,704	-	-	-	-
-	-	5,178,816	1,440	197,715	-	-
-	-	10,605	39,263	5,371	1,042,586	-
-	-	-	1,478	-	794	-
-	-	-	20,051	-	1,700	-
-	-	3,324	81,970	470	293,083	-
-	-	(4,414)	(50,763)	(124)	(22,683)	-
-	-	-	(491)	-	-	-
-	-	-	-	-	-	52,809
-	-	-	-	-	-	353,431
-	-	-	-	6	-	85,452
$ 58,536	$ 30,281	$5,804,372	$ 151,791	$4,195,996	$1,315,480	$ 491,692
$ -	$ 432	$ 103,610	$ 679	$ 45,472	$ -	$ -
3,344	81	7,036	1,262	46,009	-	-
-	640	6,220	1	1,364,266	-	-
-	-	145	5,695	-	-	76,642
-	-	-	6,856	6	-	4,111
-	-	-	80	-	-	4,699
2,307	-	-	-	-	-	-
-	-	5,117,025	-	-	-	406,240
-	-	376,490	-	-	-	-
-	-	21,217	-	-	-	-
76	-	1,609	15	20	-	-
$ 5,727	$ 1,153	$5,633,352	$ 14,588	$1,455,773	$ -	$ 491,692
$ -	$ 5,784	$ 898	$ 3,212	$ 658	$ -	$ -
-	-	-	-	197,715	-	-
-	-	-	-	436	-	-
-	-	-	-	388	-	-
-	-	-	-	2,536,480	-	-
-	-	-	-	-	-	-
-	-	-	-	4,546	1,315,480	-
-	-	170,122	133,991	-	-	-
52,809	23,344	-	-	-	-	-
$ 52,809	$ 29,128	$ 171,020	$ 137,203	$2,740,223	$1,315,480	$ -
$ 58,536	$ 30,281	$5,804,372	$ 151,791	$4,195,996	$1,315,480	$ 491,692

STATE OF OREGON
COMBINED SUMMARY OF REVENUE
ALL FUNDS

(Expressed in Thousands)

	TOTAL (MEMO ONLY)	
	June 30, 1980	June 30, 1981
Revenue		
Income Taxes	$ 1,045,400	$ 1,165,122
Selective Sales and Use Taxes	200,890	196,931
Gross Receipts Business Taxes	38,966	40,374
Employer - Employe Taxes	551,738	310,690
Inheritance and Gift Taxes	27,358	35,427
Severance Taxes	53,345	56,626
Other Taxes	3,905	4,431
Business Licenses and Fees	21,068	26,648
Non-Business Licenses and Fees	75,181	75,161
Federal Revenues	915,315	1,079,270
Charges for Services	374,222	422,179
Fines and Forfeitures	5,958	5,641
Rents and Royalties	20,910	18,787
Bonds Sales	1,192,640	59,303
Interest Income	500,672	593,213
Sales Income	222,357	225,336
Cost of Goods Sold	(76,523)	(80,889)
Donations and Grants (Non-Federal)	28,130	28,743
Contributions	496,872	632,452
Loan Repayments	222,229	15,550
Other Revenue	94,364	49,815
Total Revenue	$ 6,014,997	$ 4,960,810
Additions to Revenue		
Transfers In - Interfund	$ 1,534,919	$ 1,577,177
Transfers In - Other	684	-
Total Additions	$ 1,535,603	$ 1,577,177
Deductions from Revenue		
Transfers Out Interfund	$ (783,726)	$ (819,912)
Transfers to Cities	(36,984)	(37,617)
Transfers to Counties	(148,881)	(166,626)
Transfers to Others	(655,716)	(568,817)
Total Deductions	$(1,625,307)	$(1,592,972)
Net Revenue	$ 5,925,293	$ 4,945,015

Prepared without audit - see letter of transmittal for comments.

GOVERNMENTAL FUNDS				PROPRIETARY FUNDS		TRUST AND AGENCY
GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	ENTERPRISE	INTERNAL SERVICE	
$ 1,165,122	$ -	$ -	$ -	$ -	$ -	$ -
25,710	58,740	-	-	12,971	-	99,510
33,118	3,401	-	-	-	-	3,855
-	48,892	-	-	-	-	261,798
35,427	-	-	-	-	-	-
1,654	-	-	-	-	-	54,972
-	-	-	-	-	-	4,431
3,693	19,834	-	-	281	359	2,481
2,287	20,712	-	-	384	-	51,778
261	943,082	205	2,272	627	126	132,697
5,051	187,301	2,493	-	63,293	115,328	48,713
4,967	674	-	-	-	-	-
-	3,413	-	-	692	12,683	1,999
-	59,303	-	-	-	-	-
16,146	22,210	15,411	721	374,978	3,556	160,191
40,746	32,356	-	-	114,958	19,596	17,680
-	-	-	-	(80,302)	(587)	-
-	27,385	-	137	306	3	912
-	-	-	-	-	-	632,452
5,127	587	5,278	-	-	-	4,558
-	22,040	1,711	2,491	5,150	3,782	14,641
$ 1,339,309	$ 1,449,930	$ 25,098	$ 5,621	$ 493,338	$ 154,846	$ 1,492,668
$ -	$ 1,156,119	$ 24,926	$ 26,027	$ 1,880	$ 36,479	$ 331,746
-	-	-	-	-	-	-
$ -	$ 1,156,119	$ 24,926	$ 26,027	$ 1,880	$ 36,479	$ 331,746
$ (13,982)	$ (216,290)	$ (8,573)	$ -	$ (21,793)	$ (20,500)	$ (538,774)
-	(20,971)	-	-	(12,973)	-	(3,673)
-	(54,542)	-	-	(6,486)	-	(105,598)
-	(1,159)	-	-	-	-	(567,658)
$ (13,982)	$ (292,962)	$ (8,573)	$ -	$ (41,252)	$ (20,500)	$(1,215,703)
$ 1,325,327	$ 2,313,087	$ 41,451	$ 31,648	$ 453,966	$ 170,825	$ 608,711

STATE OF OREGON
COMBINED SUMMARY OF EXPENDITURES
ALL FUNDS

(Expressed in Thousands)

	TOTAL (MEMO ONLY)	
	June 30, 1980	June 30, 1981
Expenditures by Budget Category		
Personal Services	$ 827,382	$ 916,294
Services and Supplies	669,997	680,825
Capital Outlay	64,966	55,655
Special Payments	3,781,760	2,100,658
Debt Service	351,089	370,073
Non-Limited	9,889	253,391
Total Expenditures	$ 5,705,083	$ 4,376,896
Expenditures by Program Area		
Economic Development and Consumer Services	$ 1,930,344	$ 484,212
Education	1,452,079	1,554,280
Human Resources	995,642	1,156,760
Natural Resources	119,119	84,277
Public Safety	68,306	63,943
Transportation	417,239	424,488
Administration and Support	701,437	585,502
Legislative	9,549	12,016
Judicial	11,368	11,418
Total Expenditures	$ 5,705,083	$ 4,376,896

Prepared without audit - see letter of transmittal for comments.

GOVERNMENTAL FUNDS				PROPRIETARY FUNDS		TRUST &
GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	ENTERPRISE	INTERNAL SERVICE	AGENCY FUNDS
$ 325,822	$ 495,291	$ -	$ 184	$ 43,071	$ 48,004	$ 3,922
94,662	440,986	822	10,382	47,744	83,254	2,975
7,206	19,323	-	29,126	-	-	-
945,370	912,653	-	16	596	-	242,023
85	462	34,866	-	334,152	508	-
-	246,468	-	-	686	5,498	739
$ 1,373,145	$ 2,115,183	$ 35,688	$ 39,708	$ 426,249	$ 137,264	$ 249,659
$ 12,811	$ 101,568	$ -	$ -	$ 369,833	$ -	$ -
654,130	776,652	16,092	26,228	53,963	22,442	4,773
342,901	807,118	-	977	288	5,476	-
18,664	32,512	12,926	2,660	2,156	-	15,359
35,815	13,053	-	-	-	15,075	-
2,841	363,359	6,670	-	-	40,385	11,233
284,113	19,357	-	9,843	9	53,886	218,294
11,241	775	-	-	-	-	-
10,629	789	-	-	-	-	-
$ 1,373,145	$ 2,115,183	$ 35,688	$ 39,708	$ 426,249	$ 137,264	$ 249,659

STATE OF OREGON
STATEMENT OF CHANGES IN COMBINED FUND EQUITY
FISCAL YEAR ENDED JUNE 30, 1981

(Expressed in Thousands)

Fund Equity - June 30, 1980 (Page 20)		$ 4,877,370
Adjustments from Individual Funds		(223,423)
Reduction in Valuation of General Fixed Assets		(86,015)
Excess of 1980-81 Revenue over Expenditures		
Revenues (Page 22)	$ 4,945,015	
Expenditures (Page 24)	4,376,896	568,119
Fund Equity - June 30, 1981 (Page 20)		$ 5,136,051

Prepared without audit - see letter of transmittal for comments.

ANALYSIS OF OREGON'S BIENNIAL BUDGET

Oregon's biennial budget is a two-year fiscal plan balancing proposed spending against expected revenues. The expenditures are classified by budget authority. (See Note 1 for Basis of Accounting.)

1. The State General Fund classification includes all appropriations subject to legislative approval.
2. The Other Fund classification includes all legislatively approved limitations other than those specified as Federal limitations.
3. The Federal Fund classification includes all expenditures subject to legislatively approved Federal limitations.
4. The Non-limited Fund classification includes expenditures on which the legislature did not place limitations. These expenditures usually are included in the agencies' biennial budget requests.

STATE OF OREGON
COMBINED STATEMENT OF REVENUES
ESTIMATED AND ACTUALS
1979-81 BIENNIUM

(Expressed in Thousands)

	Actual Revenue - Fiscal Year	
	1979-80	1980-81
All Funds		
Income Taxes	$1,045,400	$1,165,123
Selective Sales and Use Taxes	200,890	197,267
Gross Receipts Business Taxes	38,966	40,376
Employer - Employe Taxes	551,738	73,416
Inheritance and Gift Taxes	27,358	35,428
Severance Taxes	53,345	49,975
Other Taxes	3,905	4,431
Business Licenses and Fees	21,068	27,771
Non-Business Licenses and Fees	75,181	76,393
Federal Revenues	915,315	1,069,192
Charges for Services	374,222	423,678
Fines and Forfeitures	5,958	5,659
Rents and Royalties	20,910	17,715
Bond Sales	1,192,640	1,159,080
Interest Income	500,672	604,040
Sales Income	222,357	225,505
Cost of Goods Sold	(76,523)	(81,044)
Donations and Grants (Non-Federal)	28,130	26,860
Contributions (Retirement)	496,872	632,452
Loan Repayments	222,229	217,540
Workers Compensation Premiums	-	237,497
Other Revenue	94,364	43,797
Revenue Transfers (Net)	(89,704)	75,301
Total All Funds	$5,925,293	$6,327,452
Allocation by Budget Authority		
General Fund	$1,223,083	$1,338,655
Other Funds	2,916,240	3,220,976
Federal Funds	527,452	543,683
Non-Limited Funds	1,258,518	1,224,138
Total by Budget Authority	$5,925,293	$6,327,452

Prepared without audit - see letter of transmittal for comments.

TOTAL 1979-81 ACTUALS	1979-81 ESTIMATED REVENUE	ACTUALS OVER(UNDER) ESTIMATED
$ 2,210,523	$ 2,207,000	$ 3,523
398,157	424,201	(26,044)
79,342	86,205	(6,863)
625,154	56,630	568,524
62,786	62,000	786
103,320	76,654	26,666
8,336	8,205	131
48,839	46,982	1,857
151,574	155,664	(4,090)
1,984,507	1,783,453	201,054
797,900	485,774	313,126
11,617	9,705	1,212
38,625	35,944	2,681
2,351,720	1,470,733	880,987
1,104,712	759,269	345,443
447,862	512,432	(64,570)
(157,567)	(153,729)	(3,838)
54,990	10,288	44,702
1,129,324	879,893	249,431
439,769	1,193	438,576
237,497	225,000	12,497
138,161	124,025	14,136
(14,403)	(608,486)	594,083
$12,252,745	$ 8,659,035	$ 3,593,710
$ 2,561,738	$ 2,574,933	$ (13,195)
6,137,216	4,783,459	1,353,757
1,071,135	1,300,643	(229,508)
2,482,656	-	2,482,656
$12,252,745	$ 8,659,035	$ 3,593,710

STATE OF OREGON
COMBINED STATEMENT OF EXPENDITURES
ALL FUNDS BY BUDGET AUTHORITY
ALL BIENNIA

(Expressed in Thousands)

	Year Ended June 30,	
	1980	1981
State General Fund Expenditures		
Personal Services	$ 314,610	$ 325,919
Services and Supplies	98,079	90,854
Capital Outlay	18,520	17,203
Special Payments	1,014,734	945,066
Debt Service	8,886	2,970
Total General Fund	$1,454,829	$1,382,012
Other Fund Expenditures		
Personal Services	$ 323,260	$ 385,853
Services and Supplies	399,222	648,510
Capital Outlay	33,913	28,213
Special Payments	53,511	73,059
Debt Service	6,423	9,414
Total Other Funds	$ 816,329	$1,145,040
Federal Fund Expenditures		
Personal Services	$ 99,995	$ 110,578
Services and Supplies	40,215	40,985
Capital Outlay	3,201	6,448
Special Payments	382,686	423,033
Total Federal Funds	$ 526,097	$ 581,044
Non-Limited Fund Expenditures		
Personal Services	$ 89,517	$ 93,943
Services and Supplies	132,479	128,325
Capital Outlay	9,334	12,884
Special Payments	2,330,829	2,000,437
Debt Service	335,780	522,008
Other	9,889	3,436
Total Non-Limited Funds	$2,907,828	$2,761,033
Total Expenditures	$5,705,083	$5,869,129

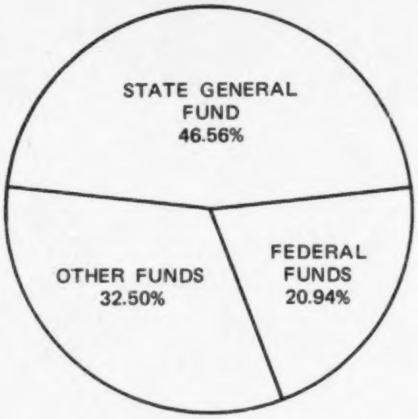
(Page 33)

Prepared without audit - see letter of transmittal for comments.

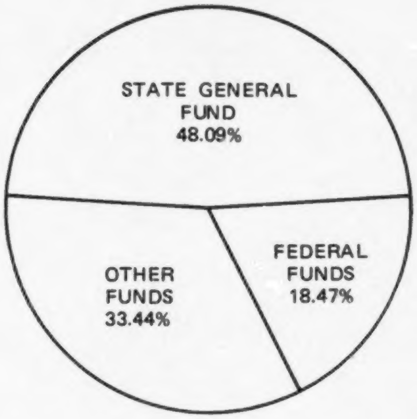
GOVERNMENTAL FUNDS				PROPRIETARY FUNDS		TRUST AND AGENCY FUNDS
GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	ENTERPRISE	INTERNAL SERVICE	
$ 325,882	$ -	$ -	$ 97	$ -	$ -	$ -
83,694	-	-	7,160	-	-	-
7,206	-	-	9,997	-	-	-
945,066	-	-	-	-	-	-
85	-	2,885	-	-	-	-
$ 1,361,873	$ -	$ 2,885	$ 17,254	$ -	$ -	$ -
$ -	$ 325,816	$ -	$ 77	$ 18,942	$ 37,136	$ 3,882
-	571,934	-	2,666	16,200	54,256	3,454
-	11,628	-	10,231	544	3,758	2,052
-	58,493	-	-	137	1,228	13,192
-	461	7,941	-	6	1,006	-
$ -	$ 968,332	$ 7,941	$ 12,974	$ 35,829	$ 97,384	$ 22,580
$ -	$ 110,557	$ -	$ -	$ -	$ 14	$ 7
-	40,927	-	58	-	-	-
-	1,890	-	4,558	-	-	-
-	423,017	-	16	-	-	-
$ -	$ 576,391	$ -	$ 4,632	$ -	$ 14	$ 7
$ -	$ 58,917	$ -	$ 10	$ 24,129	$ 10,854	$ 33
-	62,728	822	498	30,921	33,316	40
-	5,805	-	5,459	123	1,497	-
-	749,693	-	-	993,112	(707)	260,581
-	-	23,270	-	499,236	(498)	-
-	-	-	-	-	468	726
$ -	$ 877,143	$ 24,092	$ 5,967	$1,547,521	$ 44,930	$ 261,380
$ 1,361,873	$2,421,866	$ 34,918	$ 40,827	$1,583,350	$ 142,328	$ 283,967

STATE OF OREGON
EXPENDITURE BY BUDGET AUTHORITY
(EXPRESSED IN THOUSANDS)

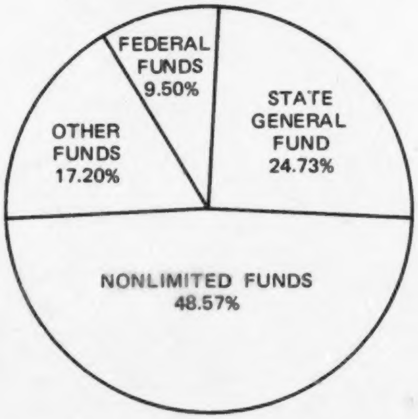
1979-81
REVISED BIENNIAL BUDGET
EXCLUDING NONLIMITED FUNDS
$6,206,901



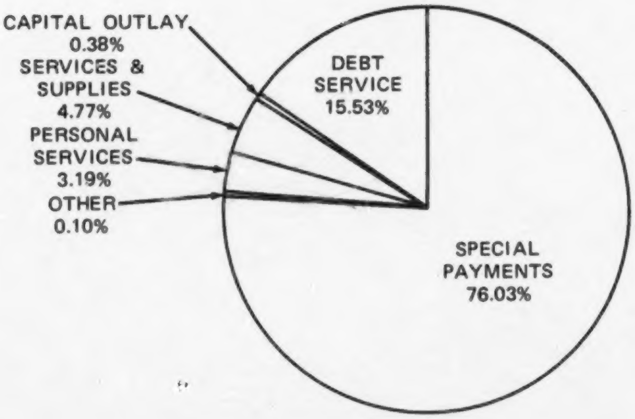
1979-81
ACTUAL EXPENDITURES
EXCLUDING NONLIMITED FUNDS
$5,879,048



1979-81
ACTUAL EXPENDITURES
INCLUDING NONLIMITED FUNDS
$11,431,967



1979-81
ACTUAL EXPENDITURES
NONLIMITED FUNDS ONLY
$5,552,919



STATE OF OREGON
TOTAL EXPENDITURES BY BUDGET AUTHORITY AND BIENNIUM

For Year Ended June 30, 1981

(Expressed in Thousands)

	TOTAL EXPENDED FOR YEAR	1975-77 AND PRIOR BIENNIA	1977-79	1979-81
State General Fund Expenditures				
Personal Services	$ 325,919	$ -	$ 40	$ 325,879
Services and Supplies	90,854	(6)	6,009	84,851
Capital Outlay	17,203	2	500	16,701
Special Payments	945,066	-	216	944,850
Debt Service	2,970	-	-	2,970
Total General Fund	$1,382,012	$ (4)	$ 6,765	$1,375,251
Other Fund Expenditures				
Personal Services	$ 385,853	$ -	$ (6)	$ 385,859
Services and Supplies	648,510	37	(928)	649,401
Capital Outlay	28,213	20	320	27,873
Special Payments	73,050	8,357	6,058	58,635
Debt Service	9,414	-	-	9,414
Total Other Funds	$1,145,040	$ 8,414	$ 5,444	$1,131,182
Federal Fund Expenditures				
Personal Services	$ 110,578	$ -	$ (14)	$ 110,592
Services and Supplies	40,985	2	(115)	41,098
Capital Outlay	6,448	-	(56)	6,504
Special Payments	423,033	-	744	422,289
Total Federal Funds	$ 581,044	$ 2	$ 559	$ 580,483
Non-Limited Fund Expenditures				
Personal Services	$ 93,943	-	$ 5	$ 93,938
Services and Supplies	128,325	97	(148)	128,376
Capital Outlay	12,884	(3)	7	12,880
Special Payments	2,000,437	284	438	1,999,715
Debt Service	522,008	(1)	-	522,009
Other	3,436	-	-	3,436
Total Non-Limited Funds	$2,761,033	$ 377	$ 302	$2,760,354
TOTAL EXPENDITURES	$5,869,129 (Page 30)	$ 8,789	$ 13,070	$5,847,270

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES BY BUDGET AUTHORITY
1979-81 BIENNIUM

(Expressed in Thousands)

	1979-80
State General Fund Expenditures	
Personal Services	$ 312,239
Services and Supplies	91,351
Capital Outlay	20,129
Special Payments	1,019,578
Debt Service	8,874
Total General Fund	$ 1,452,171
Other Fund Expenditures	
Personal Services	$ 352,988
Services and Supplies	398,391
Capital Outlay	29,922
Special Payments	47,029
Debt Service	6,406
Total Other Funds	$ 834,736
Federal Fund Expenditures	
Personal Services	$ 101,033
Services and Supplies	38,685
Capital Outlay	3,102
Special Payments	362,405
Total Federal Funds	$ 505,225
Non-Limited Fund Expenditures	
Personal Services	$ 83,157
Services and Supplies	136,719
Capital Outlay	8,220
Special Payments	2,222,007
Debt Service	340,553
Other	1,909
Total Non-Limited Funds	$ 2,792,565

Prepared without audit - see letter of transmittal for comments.

1980-81	TOTAL 1979-81 ACTUALS	1979-81 BUDGET	ACTUALS OVER(UNDER) BUDGET
$ 325,879	$ 638,118	$ 639,728	
84,851	176,202	186,588	
16,701	36,830	26,832	
944,850	1,964,428	2,024,338	
2,970	11,844	12,201	
$ 1,375,251	$ 2,827,422	$ 2,889,687	$ (62,265)
$ 385,859	$ 738,847	$ 786,048	
649,401	1,047,792	970,618	
27,873	57,795	71,311	
58,635	105,664	174,531	
9,414	15,820	15,037	
$ 1,131,182	$ 1,965,918	$ 2,017,545	$ (51,627)
$ 110,592	$ 211,625	$ 235,919	
41,098	79,783	90.403	
6,504	9,606	13,779	
422,289	784,694	959,568	
$ 580,483	$ 1,085,708	$ 1,299,669	$ (213,961)
$ 93,938	$ 177,095		
128,376	265,095		
12,880	21,100		
1,999,715	4,221,722		
522,009	862,562		
3,436	5,345		
$ 2,760,354	$ 5,552,919		
(Page 33)			

STATE OF OREGON
RECONCILIATION OF BUDGETARY REVENUE AND EXPENDITURES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 1981

(Expressed in Thousands)

REVENUE

Budgetary Revenue (Page 28)		$ 6,327,452
Add:		
Transfer of Assets from Capital Project Fund to Internal Service Fund		19,736
Prior Period Adjustment		18,346
Deduct:		
Bond Sale Revenue in Enterprise Fund	$ (1,099,775)	
Loan Repayments in Revenue in Enterprise Fund	(200,621)	
Transfer related to State Accident Insurance	(120,123)	(1,420,519)
Revenue Per Combined Summary of Revenue (Page 22)		$ 4,945,015

EXPENDITURES

Budgetary Expenditures (Page 30)		$ 5,869,129
Add:		
Depreciation and Amortization Not Included in Budgetary Expenditures		6,197
Deduct:		
Encumbrances	$ (243,551)	
Inventory Increase	(5,841)	
Special Payments Representing Loans	(1,123,489)	
Capital Outlay - Proprietary and Trust Funds	(7,685)	
L.T. Debt Retirement - Proprietary Funds	(114,242)	
Adjust Reserves Other - No Longer Used	(3,606)	
Miscellaneous Adj. of Prior Period	(16)	(1,498,430)
Expenditures Per Combined Summary of Revenue (Page 24)		$ 4,376,896

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
COMPARATIVE STATEMENT OF BUDGETARY EXPENDITURES BY BUDGET AUTHORITY

(Expressed in Thousands)

	FISCAL YEAR ENDED June 30, 1978	June 30, 1979	June 30, 1980	June 30, 1981
STATE GENERAL FUND EXPENDITURES				
Personal Services	$ 231,147	$ 264,804	$ 312,239	$ 325,879
Services and Supplies	74,251	83,515	91,351	84,851
Capital Outlay	11,427	13,939	20,129	16,701
Special Payments	592,051	706,859	1,019,578	944,850
Debt Service	4,095	8,134	8,874	2,970
Total General Fund	$ 912,971	$ 1,077,251	$ 1,452,171	$ 1,375,251
OTHER FUND EXPENDITURES				
Personal Services	$ 306,257	$ 341,367	$ 352,988	$ 385,859
Services and Supplies	249,332	283,133	398,391	649,401
Capital Outlay	19,596	29,402	29,922	27,873
Special Payments	41,069	23,516	47,029	58,635
Debt Service	5,747	5,700	6,406	9,414
Total Other Funds	$ 622,001	$ 683,118	$ 834,736	$ 1,131,182
FEDERAL FUND EXPENDITURES				
Personal Services	$ 100,238	$ 90,276	$ 101,033	$ 110,592
Services and Supplies	33,156	33,871	38,685	41,098
Capital Outlay	2,288	3,800	3,102	6,504
Special Payments	328,693	357,893	362,405	422,289
Total Federal Funds	$ 464,375	$ 485,840	$ 505,225	$ 580,483
NON-LIMITED FUND EXPENDITURES				
Personal Services	$ 57,042	$ 61,302	$ 83,157	$ 93,938
Services and Supplies	113,932	123,349	136,719	128,376
Capital Outlay	6,513	8,923	8,220	12,880
Special Payments	1,520,550	1,672,781	2,222,007	1,999,715
Debt Service	209,035	243,680	340,553	522,009
Other	-	-	1,909	3,436
Total Non-Limited Funds	$ 1,907,072	$ 2,110,035	$ 2,792,565	$ 2,760,354
Total Expenditures	$ 3,906,419	$ 4,356,244	$ 5,584,697	$ 5,847,270

Prepared without audit - see letter
of transmittal for comments.

STATE OF OREGON
COMBINED STATEMENT OF BUDGETARY REVENUES

(Expressed in Thousands)

	FISCAL	YEAR	ENDED	
	June 30, 1978	June 30, 1979	June 30, 1980	June 30, 1981
Income Taxes	$ 810,364	$ 973,683	$ 1,045,400	$ 1,165,123
Selective Sales and Use Taxes	141,557	145,084	200,890	197,267
Gross Receipts Business Taxes	32,332	36,683	38,966	40,376
Employer - Employe Taxes	405,452	581,742	551,738	73,416
Inheritance and Gift Taxes	26,069	30,395	27,358	35,428
Severance Taxes	10,996	42,739	53,345	49,975
Other Taxes	2,922	3,429	3,905	4,431
Business Licenses and Fees	21,720	24,467	21,068	27,771
Non-Business License and Fees	121,637	124,187	75,181	76,393
Federal Revenues	762,637	721,820	915,315	1,069,192
Charges for Services	260,217	352,393	374,222	423,678
Fines and Forfeitures	4,090	4,253	5,958	5,659
Rents and Royalties	13,465	13,899	20,910	17,715
Bond Sales	758,852	734,754	1,192,640	1,159,080
Interest Income	278,479	384,230	500,672	604,040
Sales Income	193,617	206,115	222,357	225,505
Cost of Goods Sold	(66,544)	(71,389)	(76,523)	(81,044)
Donations and Grants (Non-Federal)	21,920	26,346	28,130	26,860
Contributions (Retirement)	374,870	431,088	496,872	632,452
Loan Repayments	9,226	20,010	222,229	217,540
Workers Compensation Premiums	*	*	*	237,497
Other Revenue	36,176	36,461	94,364	43,797
Revenue Transfers (Net)	32,348	22,328	(89,704)	75,301
Total Revenue	$ 4,252,402	$ 4,844,717	$ 5,925,293	$ 6,327,452

* Included in Employer - Employe Taxes

Prepared without audit - see letter of transmittal for comments.

General Fund

GENERAL FUND

The General Fund accounts for ordinary operations financed by appropriations from general revenues and used for general governmental purposes.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
GENERAL FUND

(Expressed in Thousands)

	As of June 30, 1980	As of June 30, 1981
ASSETS		
Cash on Deposit - Treasury (Note 3)	$ (2,835)	$ (12,576)
Investments - Treasury	-	38,997
Accounts Receivable	65	327
Interfund Receivables	139,426	26,980
Inventories	6,315	5,400
Contracts, Mortgages and Notes Receivable	-	4,779
Total Assets	$ 142,971	$ 63,907
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	$ 41,791	$ 15,194
Interfund Payables	3,911	3,335
Total Liabilities	$ 45,702	$ 18,529
Fund Equity		
Reserve for Encumbrances	$ 30,096	$ 20,042
Reserve for Receivables	-	4,779
Reserve for Inventories	6,315	5,400
Reserves - Other	5,084	-
Fund Balance	55,774	15,157
Total Fund Equity	$ 97,269	$ 45,378
Total Liabilities and Fund Equity	$ 142,971	$ 63,907

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND

(Expressed in Thousands)

	Fiscal Year Ended	
	June 30 1980	June 30 1981
Revenue		
Income Taxes	$ 1,045,400	$ 1,165,122
Selective Sales and Use Taxes	26,303	25,710
Gross Receipts Business Taxes	32,739	33,118
Inheritance and Gift Taxes	27,358	35,427
Severance Taxes	1,644	1,654
Business Licenses and Fees	4,323	3,693
Non-business Licenses and Fees	3,264	2,287
Federal Revenues	-	261
Charges for Services	3,456	5,051
Fines and Forfeitures	4,957	4,967
Interest Income	32,316	16,146
Sales Income	38,193	40,746
Loan Repayments	809	5,127
Other Revenue	2,321	-
Total Revenue	$ 1,223,083	$ 1,339,309
Deduction from Revenue		
Transfers Out Interfund	-	(13,982)
Net Revenue	$ 1,223,083	$ 1,325,327

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
COMPARATIVE STATEMENT OF EXPENDITURES
GENERAL FUND

(Expressed in Thousands)

	Fiscal Year Ended June 30, 1980	Fiscal Year Ended June 30, 1981
Expenditures by Budget Category		
Personal Services	$ 314,573	$ 325,822
Services and Supplies	81,754	94,662
Capital Outlay	12,742	7,206
Special Payments	1,014,712	945,370
Debt Service	211	85
Non-Limited	-	-
Total Expenditures	$ 1,423,992	$ 1,373,145
Expenditures by Program Area		
Economic Development and Consumer Services	$ 13,233	$ 12,811
Education	609,166	654,130
Human Resources	351,575	342,901
Natural Resources	20,568	18,664
Public Safety	40,641	35,815
Transportation	25,751	2,841
Administration and Support	343,594	284,113
Legislative	8,330	11,241
Judicial	11,134	10,629
Total Expenditures	$ 1,423,992	$ 1,373,145

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
STATEMENT OF CHANGES IN GENERAL FUND BALANCE
Fiscal Year Ended June 30, 1981

(Expressed in Thousands)

Fund Equity - June 30, 1980 (Page 39)		$ 97,269
Prior Period Adjustments		(4,073)
Excess of 1980-81 Expenditures over Revenues		
Revenues (Page 40)	$ 1,325,327	
Less Expenditures (Page 41)	1,373,145	(47,818)
Fund Equity - June 30, 1981 (Page 39)		$ 45,378

Prepared without audit - see letter of transmittal for comments.

Special Revenue Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulations.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
SPECIAL REVENUE FUNDS

(Expressed in Thousands)

	As of June 30, 1980	As of June 30, 1981	ECON. DEV. & CONSUMER SERVICES	EDUCATION
ASSETS				
Cash on Hand and in Banks	$ 1,097	$ 130	$ 24	$ 2
Cash on Deposit - State Treasury	367,813	148,392	21,657	11,850
Investments - State Treasury	51,411	86,149	52,010	12,417
Investments - Other	17	12	-	9
Securities Held in Trust	7,309	8,502	8,406	-
Advances Receivable	3,226	5,018	98	-
Interest Receivable	474	95	42	53
Accounts Receivable	66,511	214,208	4,324	25,773
Interfund Receivables	22,068	20,003	5,886	633
Inventories	9,845	13,374	666	3,978
Prepaid Expenses	3,362	4,462	2	4,242
Contracts, Notes, and Mortgages Receivable	168,604	214,454	9,307	23,975
Total Assets	$ 701,737	$ 714,799	$ 102,422	$ 82,932
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts and Interest Payable	$ 10,065	$ 13,327	$ 206	$ 2,490
Interfund Payables	24,067	18,457	5,977	550
Trust Funds Payable	7,847	10,687	9,351	825
Deferred Income	16,321	27,518	1,429	14,256
Total Liabilities	$ 58,300	$ 69,989	$ 16,963	$ 18,121
Fund Equity				
Reserve for Encumbrances	$ 50,114	$ 303,313	$ 4,502	$ 41,519
Reserve for Receivables	168,604	214,454	9,307	23,975
Reserve for Inventories	9,841	13,374	666	3,978
Reserves for Revolving Accounts	(2,788)	1,315	163	8
Fund Balance	417,666	112,354	70,821	(4,669)
Total Fund Equity	$ 643,437	$ 644,810	$ 85,459	$ 64,811
Total Liabilities and Fund Equity	$ 701,737	$ 714,799	$ 102,422	$ 82,932

Prepared without audit - see letter of transmittal for comments.

HUMAN RESOURCES	NATURAL RESOURCES	PUBLIC SAFETY	TRANSPORTATION	ADMINI. AND SUPPORT	LEGISLATIVE	JUDICIAL
$ 55	$ 27	$ 4	$ 17	$ 1	$ -	$ -
7,781	38,259	1,495	65,106	1,185	1,014	45
641	21,081	-	-	-	-	-
3	-	-	-	-	-	-
-	96	-	-	-	-	-
4,862	37	18	2	1	-	-
-	-	-	-	-	-	-
14,900	8,483	1,308	156,735	2,664	12	9
10,307	880	-	2,292	5	-	-
3,276	2,194	1,602	1,223	314	121	-
132	86	-	-	-	-	-
41	175,587	-	5,537	7	-	-
$ 41,998	$ 246,730	$ 4,427	$ 230,912	$ 4,177	$ 1,147	$ 54
$ 897	$ 9,111	$ -	$ 560	$ 63	$ -	$ -
9,088	233	-	2,545	64	-	-
3	133	19	356	-	-	-
5,122	6,562	-	49	100	-	-
$ 15,110	$ 16,039	$ 19	$ 3,510	$ 227	$ -	$ -
$ 12,808	$ 9,651	$ 1,464	$ 233,007	$ 78	$ 277	$ 7
41	175,587	-	5,537	7	-	-
3,276	2,194	1,602	1,223	314	121	-
158	125	87	743	31	-	-
10,605	43,134	1,255	(13,108)	3,520	749	47
$ 26,888	$ 230,691	$ 4,408	$ 227,402	$ 3,950	$ 1,147	$ 54
$ 41,998	$ 246,730	$ 4,427	$ 230,912	$ 4,177	$ 1,147	$ 54

STATE OF OREGON
COMPARATIVE STATEMENT OF REVENUES
SPECIAL REVENUE FUNDS

(Expressed in Thousands)

	Fiscal Year Ended June 30,	
	1980	1981
Revenue		
Selective Sales and Use Taxes	$ 59,842	$ 58,740
Gross Receipts Business Taxes	2,852	3,401
Employer - Employe Taxes	37,258	48,892
Business Licenses and Fees	15,942	19,834
Non-Business Licenses and Fees	24,125	20,712
Federal Revenues	779,747	943,082
Charges for Services	158,079	187,301
Fines and Forfeitures	986	674
Rents and Royalties	3,522	3,413
Bond Sales	16,695	59,303
Interest Income	17,662	22,210
Sales Income (Net)	30,789	32,356
Donations and Grants (Non-Federal)	26,800	27,385
Loan Repayments	278	587
Other Revenue	45,188	22,040
Total Revenue	$1,219,765	$1,449,930
Additions to Revenue		
Transfers In - Interfund	$1,002,939	$1,156,119
Transfers In - Other	62	-
Total Additions	$1,003,001	$1,156,119
Deductions from Revenues		
Transfers Out - Interfund	$ (196,025)	$ (216,290)
Transfers to Cities	(20,666)	(20,971)
Transfers to Counties	(46,164)	(54,542)
Transfers to Others	(1,019)	(1,159)
Total Deductions	$ (263,874)	$ (292,962)
Net Revenue	$1,958,892	$2,313,087

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
COMPARATIVE STATEMENT OF EXPENDITURES
SPECIAL REVENUE FUNDS

(Expressed in Thousands)

	Fiscal Year Ended June 30	
	1980	1981
Expenditures by Budget Category		
Personal Services	$ 434,927	$ 495,291
Services and Supplies	444,318	440,986
Capital Outlay	19,087	19,323
Special Payments	832,990	912,653
Debt Service	625	462
Non-Limited	191,627	246,468
Total Expenditures	$1,923,574	$2,115,183

	1980	1981
Expenditures by Program Area		
Economic Development and Consumer Service	$ 97,810	$ 101,568
Education	727,106	776,652
Human Resources	636,044	807,118
Natural Resources	68,283	32,512
Public Safety	14,462	13,053
Transportation	340,034	363,359
Administration and Support	38,382	19,357
Legislative	1,219	775
Judicial	234	789
Total Expenditures	$ 1,923,574	$2,115,183

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
STATEMENT OF CHANGES IN SPECIAL REVENUE FUND EQUITY
Fiscal Year Ended June 30, 1981

(Expressed in Thousands)

Fund Equity - June 30, 1980 (Page 43)		$ 643,437
Prior Period Adjustments		(196,531)
Excess of 1980-81 Revenues over Expenditures		
Revenues (Page 45)	$ 2,313,087	
Less Expenditures (Page 46)	2,115,183	197,904
Fund Equity - June 30, 1981 (Page 43)		$ 644,810

Prepared without audit - see letter of transmittal for comments.

Debt Service Funds

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for and the payment of interest and principal on long-term debt other than special assessment and revenue bonds.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
DEBT SERVICE FUNDS

(Expressed in Thousands)

	As Of June 30	
	1980	1981
ASSETS		
Cash on Deposit - State Treasury	$ 26,783	$ 21
Cash with Fiscal Agent	86,524	2,190
Investments - State Treasury	20,452	52,640
Interest Receivable	1	4
Interfund Receivable	6,622	3,375
Prepaid Expenses	-	306
Total Assets	$140,382	$58,536
LIABILITIES AND FUND EQUITIES		
Liabilities		
Accounts and Interest Payable	$ 10	$ -
Interfund Payable	6,608	3,344
Matured Bonds Payable	86,677	2,307
Deferred Income	41	76
Total Liabilities	$ 93,336	$ 5,727
Fund Equity		
Reserve for Encumbrances	$ 771	$ -
Fund Balance	46,275	52,809
Total Fund Equity	$ 47,046	$52,809
Total Liabilities and Fund Equity	$140,382	$58,536

Prepared without audit - see letter of transmittal for comments.

	BOND ISSUE					
CUSTODIAL STATE TREASURY	COMMUNITY COLLEGE & ED. CENTER	OREGON FOREST REHAB.	OREGON POLLUTION CONTROL	OREGON STATE HIGHWAY	WATER RESOURCES DEVELOP.	HIGHER EDUCATION FACILITIES
$ 117	$ 2	$ 56	$ (4,171)	$ -	$ 3,625	$ 392
2,190	-	-	-	-	-	-
-	-	-	29,914	-	-	22,726
	4					
-	31	-	-	-	-	3,344
-	-	-	-	-	-	-
-	306	-	-	-	-	-
$ 2,307	$ 343	$ 56	$ 25,743	$ -	$ 3,625	$ 26,462
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	3,344
2,307	-	-	-	-	-	-
-	-	-	-	-	-	76
$ 2,307	$ -	$ -	$ -	$ -	$ -	$ 3,420
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	343	56	25,743	-	3,625	23,042
$ -	$ 343	$ 56	$ 25,743	$ -	$3,625	$ 23,042
$ 2,307	$ 343	56	25,743	$ -	$3,625	$ 26,462

STATE OF OREGON
COMPARATIVE STATEMENT OF REVENUES AND CHANGES IN FUND EQUITY
DEBT SERVICE FUNDS

(Expressed in Thousands)

	Fiscal Year Ended June 30	
	1980	1981
Revenue		
Federal Revenues	$ 205	$ 205
Charges for Services	2,399	2,493
Interest Income	11,166	15,411
Loan Repayments	4,596	5,278
Other Income	1,696	1,711
Total Revenue	$ 20,062	$ 25,098
Additions to Revenue		
Transfers In - Interfund	$ 38,915	$ 18,992
Transfers from General Fund	3,801	5,934
Total Additions	$ 42,716	$ 24,926
Deductions from Revenue		
Transfers Out - Interfund	$ (8,299)	$ (8,573)
Net Revenue	$ 54,479	$ 41,451
Expenditures - (Page 52)	30,744	35,688
Excess Revenue over Expenditures	$ 23,735	$ 5,763
Fund Equity - Beginning	26,419	47,046
Prior Perod Adjustments	(3,108)	-
Fund Equity - Ending (Page 48)	$ 47,046	$ 52,809

Prepared without audit - see letter of transmittal for comments.

BOND ISSUE					
COMMUNITY COLLEGE & ED. CENTER	OREGON FOREST REHAB.	OREGON POLLUTION CONTROL	OREGON STATE HIGHWAY	WATER RESOURCES DEVELOP.	HIGHER EDUCATION
$ -	$ -	$ -	$ -	$ -	$ 205
-	-	(11)	-	-	2,504
81	27	9,628	-	995	4,680
-	-	4,991	-	287	-
-	2	89	-	-	1,620
$ 81	$ 29	$14,697	$ -	$ 1,282	$ 9,009
$ 877	$ -	$ -	$ 6,670	$ 799	$10,646
2,478	571	25	-	-	2,860
$3,355	$ 571	$ 25	$ 6,670	$ 799	$13,506
$ -	$ -	$ -	$ -	$ -	$(8,573)
$3,436	$ 600	$14,722	$ 6,670	$ 2,081	$13,942
3,163	570	11,085	6,670	1,271	12,929
$ 273	$ 30	$ 3,637	$ -	$ 810	$ 1,013
70	26	22,106	-	2,815	22,029
-	-	-	-	-	-
$ 343	$ 56	$25,743	$ -	$ 3,625	$23,042

STATE OF OREGON
COMPARATIVE STATEMENT OF EXPENDITURES
DEBT SERVICE FUND

(Expressed in Thousands)

	Fiscal Year Ended June 30	
	1980	1981
EXPENDITURES WITHIN BUDGET CATEGORY		
Services and Supplies	$ (23)	$ 822
Debt Service		
Principal	$ 13,263	$ 14,781
Interest	17,504	20,177
Other	-	(92)
Total Expenditures	$ 30,744	$ 35,688
EXPENDITURES BY PROGRAM AREA		
Economic Development & Consumer Service	$ -	$ -
Education	13,825	16,092
Human Resources	-	-
Natural Resources	11,645	12,926
Public Safety	-	-
Transportation	5,274	6,670
Administration and Support	-	-
Legislative	-	-
Judicial	-	-
Total Expenditures	$ 30,744	$ 35,688

Prepared without audit - see Letter of Transmittal for comments.

BOND ISSUE					
COMMUNITY COLLEGE & ED. CENTER	OREGON FOREST REHAB.	OREGON POLLUTION CONTROL	OREGON STATE HIGHWAY	WATER RESOURCES DEVELOP.	HIGHER EDUCATION
$ -	$ -	$ 3	$ -	$ -	$ 819
$ 1,010	$ 625	$ 4,950	3,300	86	4,810
2,153	45	6,132	3,362	1,185	7,300
-	(100)	-	8	-	-
$ 3,163	$ 570	$ 11,085	$ 6,670	$ 1,271	$ 12,929
$ -	$ -	$ -	$ -	$ -	$ -
3,163	-	-	-	-	12,929
-	-	-	-	-	-
-	570	11,085	-	1,271	-
-	-	-	-	-	-
-	-	-	6,670	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 3,163	$ 570	$ 11,085	$ 6,670	$ 1,271	$ 12,929

Capital Projects Funds

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by Proprietary, Special Assessment, and Trust Funds.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
CAPITAL PROJECTS FUND

(Expressed in Thousands)

	As of June 30,	
	1980	1981
ASSETS		
Cash on Deposit - State Treasury	$ 9,186	$ 6,351
Investments - State Treasury	26,127	21,526
Investments - Other	217	237
Securities Held in Trust	-	640
Receivables	2,162	1,020
Interfund Receivables	-	507
Total Assets	$ 37,692	30,281
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	$ 504	$ 432
Interfund Payables	-	81
Trust Funds Payable	-	640
Total Liabilities	$ 504	$ 1,153
Fund Equity		
Reserves for Encumbrances	4,665	5,784
Fund Balance	32,523	23,344
Total Fund Equity	$ 37,188	$ 29,128
Total Liabilities and Fund Balance	$ 37,692	$ 30,281

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
COMPARATIVE STATEMENT OF REVENUES AND CHANGES IN FUND EQUITY
CAPITAL PROJECTS FUNDS

(Expressed in Thousands)

	Fiscal Year Ended June 30,	
	1980	1981
Revenue		
Federal Revenues	$ 4,971	$ 2,272
Charges for Services	74	-
Rents and Royalties	1	-
Bond Sales	26,395	
Interest Income	384	721
Donations and Grants (Non-Federal)	120	137
Other Revenue	1,175	2,491
Total Revenue	$ 33,120	$ 5,621
Additions to Revenue		
Transfers In - Interfund (Net)	$ 40,938	$ 18,133
Transfers from State Agencies	276	7,909
Transfers In - Indirect Cost Credit	505	584
Transfers - Other	-	(599)
Total Additions	$ 41,719	$ 26,027
Net Revenue	$ 74,839	$ 31,648
Expenditures - (Page 56)	42,339	39,708
Excess Revenue over Expenditures	$ 32,500	$ (8,060)
Fund Equity - Beginning	9,170	37,188
Prior Period Adjustments	(4,482)	-
Fund Equity Ending (Page 54)	$ 37,188	$ 29,128

Prepared without audit - see letter of transmittal for comments.

STATE OF OREGON
COMPARATIVE STATEMENT OF EXPENDITURES
CAPITAL PROJECT FUND

(Expressed in Thousands)

	Fiscal Year Ended June 30	
	1980	1981
Expenditures by Budget Category		
Personal Services	$ 91	$ 184
Services and Supplies	17,247	10,382
Capital Outlay	24,979	29,126
Special Payments	22	16
Debt Service	-	-
Total Expenditures	$ 42,339	$ 39,708

	Fiscal Year Ended June 30	
	1980	1981
Expenditures by Program Area		
Economic Development and Consumer Service	$ -	$ -
Education	24,752	26,228
Human Resources	2,256	977
Natural Resources	812	2,660
Public Safety	283	-
Transportation	-	-
Administration and Support	14,236	9,843
Legislation	-	-
Judicial	-	-
Total Expenditures	$ 42,339	$ 39,708

Prepared without audit - see letter of transmittal for comments.

GENERAL SERVICES	FISH & WILDLIFE	MENTAL HEALTH	HIGHER EDUCATION	CORRECTIONS	VOCATIONAL REHAB	EMPLOYMENT
$ 6	$ -	$ 28	$ 150	$ -	$ -	$ -
7,990	-	158	2,234	-	-	-
1,847	2,660	569	23,844	15	59	132
-	-	16	-	-	-	-
-	-	-	-	-	-	-
$ 9,843	$ 2,660	$ 771	$ 26,228	$ 15	$ 59	$ 132
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	26,228	-	-	-
-	-	771	-	15	59	132
-	2,660	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,843	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 9,843	$ 2,660	$ 771	$ 26,228	$ 15	$ 59	$ 132

Enterprise Funds

ENTERPRISE FUNDS

Enterprise Funds account for the provision of goods and services to the general public where all or most of the costs involved are paid in the form of charges by the users of such services.

Oregon Enterprise Fund activities are provided primarily by the six state agencies described below:

Forestry Their activity is the sale of nursery stock.

Department of Commerce, Housing Division Their major activity is the sale of revenue bonds to make residential mortgage loans available to lower income residents of Oregon.

Department of Veteran's Affairs They provide farm and home loans and other services to war veterans of Oregon.

Fair and Exposition Center They provide an annual State Fair and rent Fair facilities for public use throughout the year.

Liquor Commission Activities include regulation, control, and sale of all alcoholic liquor and certain wines.

Higher Education Activities include providing students with residence halls, parking, bookstores, dining halls, and student centers.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
ENTERPRISE FUNDS

(Expressed in Thousands)

	As of June 30,	
	1980	1981
ASSETS		
Cash on Hand and in Banks	$ 3,134	$ 4,054
Cash on Deposit - State Treasury	215,869	293,540
Investments - State Treasury	625,926	160,132
Investments - Other	158,503	91,545
Advances Receivable	4	4
Interest Receivable	39,828	39,310
Accounts Receivable	126,105	2,867
Interfund Receivable	6,884	20
Inventories	16,548	18,465
Prepaid Expenses	158	400
Discount on Bonds Sold	4,672	5,704
Contracts, Notes, and Mortgages Receivable	4,361,304	5,178,816
Land, Buildings and Improvements	28,639	10,605
Equipment and Machinery	4,514	3,324
Less Allowance for Depreciation	(4,827)	(4,414)
Total Assets	$5,587,261	$ 5,804,372
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	$ 13,435	$ 19,376
Interest Payable	65,963	84,234
Interfund Payables	8,650	7,036
Trust Funds Payable	792,338	6,220
Contracts, Mortgages, & Notes Payable	20,100	145
Premium on Bonds Sold	15,003	21,217
Deferred Income	1,144	1,609
General Obligation Bonds Payable	4,183,025	5,117,025
Revenue Bonds Payable	321,445	376,490
Total Liabilities	$5,421,103	$ 5,633,352
Fund Equity		
Reserve for Encumbrances	$ 1,768	$ 898
Retained Earnings	164,390	170,122
Total Fund Balance	$ 166,158	$ 171,020
Total Liabilities and Fund Equity	$5,587,261	$ 5,804,372

Prepared without audit - see letter of transmittal for comments.

FORESTRY	COMMERCE HOUSING	VETERANS AFFAIRS	STATE FAIR	LIQUOR COMMISSION	HIGHER EDUCATION	OTHER ENTERPRISE
$ -	$ 426	$ -	$ -	$ 3,627	$ -	$ 1
885	19,639	253,204	104	15,210	3,858	640
-	-	160,132	-	-	-	-
-	91,510	-	-	-	35	-
-	-	-	4	-	-	-
-	3,700	35,610	-	-	-	-
10	154	1,623	40	133	844	63
-	20	-	-	-	-	-
-	7	69	26	15,589	2,709	65
-	-	-	-	12	388	-
-	5,704	-	-	-	-	-
-	312,205	4,865,918	-	-	693	-
1,530	-	-	6,912	2,163	-	-
241	46	1,214	625	1,074	-	124
(235)	(12)	(647)	(2,178)	(1,298)	-	(44)
$ 2,431	$ 433,399	$5,317,323	$ 5,533	$ 36,510	$ 8,527	$ 849
$ -	$ 374	$ 1,319	$ -	$ 17,679	$ 4	$ -
-	13,194	71,040	-	-	-	-
-	20	-	-	6,756	43	217
-	148	5,083	-	-	978	11
-	145	-	-	-	-	-
-	-	21,217	-	-	-	-
-	-	-	193	2	1,016	398
-	23,025	5,094,000	-	-	-	-
-	376,490	-	-	-	-	-
$ -	$ 413,396	$5,192,659	$ 193	$ 24,437	$ 2,041	$ 626
$ 22	$ 28	$ -	$ 39	$ 138	$ 556	$ 115
2,409	19,975	124,464	5,301	11,935	5,930	108
$ 2,431	$ 20,003	$ 124,464	$ 5,340	$ 12,073	$ 6,486	$ 223
$ 2,431	$ 433,399	$5,317,123	$ 5,533	$ 36,510	$ 8,527	$ 849

STATE OF OREGON
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND EQUITY
ENTERPRISE FUNDS

(Expressed in Thousands)

	Fiscal Year Ended	
	June 30, 1980	June 30, 1981
Sales Income	$ 149,385	$ 114,958
Cost of Goods Sold	(75,631)	(80,302)
Gross Profit on Sales	73,754	34,656
Other Income		
Selective Sales Tax	$ 10,266	$ 12,971
Employer/Employe Taxes	252,156	-
Business Licenses and Fees	1,502	281
Non-Business Licenses	-	384
Federal Revenue	373	627
Charges for Services	59,138	63,293
Rents and Royalties	607	692
Interest Income	323,643	374,978
Donations and Grants (Non-Federal)	197	306
Other Revenue	7,324	5,150
Total Income	$ 728,960	$ 493,338
Operating Expenses		
Personal Services	$ 51,745	$ 43,071
Services and Supplies	49,864	47,744
Special Payments	184,509	596
Debt Service	227,271	334,152
Depreciation	630	686
Total Expenses	$ 514,019	$ 426,249
Net Operating Income (Loss)	$ 214,941	$ 67,089
Other Sources (uses of Funds)		
Additions to Revenue:		
Transfers In - Interfund	$ 27,450	$ 1,880
Deductions from Revenue		
Transfers Out - Interfund	(84,622)	(21,793)
Transfers to Cities	(12,561)	(12,973)
Transfers to Counties	(6,398)	(6,486)
Transfers - Other	(120,470)	-
Net Increase (Loss)	$ 18,340	$ 27,717
Fund Equity - Beginning (Page 59)	232,840	166,158
Adjustments:		
Fixed Assets Values Adjusted	-	(12,801)
Write off State Acc. Ins.	-	(10,054)
Prior Period Adjustment	(85,022)	-
Fund Equity - Ending (Page 59)	$ 166,158	$ 171,020

Prepared without audit - see letter of transmittal for comments.

FORESTRY	COMMERCE HOUSING	VETERANS AFFAIRS	STATE FAIR	LIQUOR COMMISSION	HIGHER EDUCATION	OTHER ENTERPRISE
$ 1,947	$ 1	$ 112	$ 514	$ 112,028	$ -	$ 355
-	-	-	-	80,183	-	119
1,947	1	112	514	31,846	-	236
$ -	$ -	$ -	$ -	$ 12,971	$ -	$ -
-	-	-	-	-	-	-
-	276	-	-	-	-	5
-	384	-	-	-	-	-
1	184	-	-	-	442	-
-	-	4,283	1,434	-	57,448	128
-	-	-	686	-	6	-
-	39,147	335,577	-	-	251	3
-	-	-	-	-	306	-
66	126	2,617	(78)	-	2,245	174
$ 2,014	$ 40,118	$ 342,589	$ 2,556	$ 44,817	$ 60,698	$ 546
$ 1,141	$ 651	$ 11,029	$ 1,177	$ 5,750	$ 22,988	$ 335
663	296	5,198	1,404	9,644	30,372	167
-	-	-	20	-	576	-
-	29,017	305,108	-	-	27	-
138	3	556	44	(64)	-	9
$ 1,942	$ 29,967	$ 321,891	$ 2,645	$ 15,330	$ 53,963	$ 511
$ 72	$ 10,151	$ 20,698	$ (89)	$ 29,487	$ 6,735	$ 35
$ -	$ -	$ -	$ -	$ 809	$ 897	$ 174
-	-	(42)	-	(16,223)	(5,329)	(199)
-	-	-	-	(12,973)	-	-
-	-	-	-	(6,486)	-	-
-	-	-	-	-	-	-
$ 72	$ 10,151	$ 20,656	$ (89)	$ (5,386)	$ 2,303	$ 10
843	9,852	103,808	19,779	17,426	4,183	10,267
1,516	-	-	(14,350)	33	-	-
-	-	-	-	-	-	(10,054)
-	-	-	-	-	-	-
$ 2,431	$ 20,003	$ 124,464	$ 5,340	$ 12,073	$ 6,486	$ 223

STATE OF OREGON
STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS

(Expressed in Thousands)

		Fiscal Year Ended June 30, 1981
Sources of Working Capital		
Operations:		
Net Income from Operations from Prior Page		$ 67,089
Add Depreciation not Requiring Expenditure of Funds		686
Total Provided by Operations		$ 67,775
Transfers in Interfund	$ 1,880	
Transfers in Other	4,855	
Sale of Bonds	1,099,775	
Loan Repayments	200,621	1,307,131
Total Provided		$1,374,906
Uses of Working Capital		
Retirement of Bonds	$ 110,730	
Reduction of Other Long-Term Debt	19,955	
Loans Made	1,027,051	
Increase in Fixed Assets	667	
Transfers out Interfund	21,793	
Transfers to Cities, Counties, etc.	19,459	1,199,655
Net Increase (Decrease) in Working Capital		$ 175,251
Elements of Net Increase (Decrease) in Working Capital		
Cash		$ 78,591
Investments		(532,752)
Receivables - Current		(130,620)
Inventories		1,917
Prepaid Expenses and Discounts		1,274
Payables - Current		(22,598)
Trust Funds Payable		786,118
Deferred Income and Premiums		(6,679)
Net Increase (Decrease) In Working Capital		$ 175,251

Prepared without audit - see letter of transmittal for comments.

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by an agency on a cost-reimbursement basis to any other governmental unit, whether state, federal, or local.

Internal
Service Funds

The Oregon activities reported in Internal Service Funds vary widely both as to type and complexity of operations. Most of the centralized services are provided by five agencies. These agencies and the services they provide or goods they sell are described below. Their operations as well as other major service operations of the state are reflected in the financial statements that follow:

Higher Education Services include printing, duplicating, data processing, and motor pool.

Executive Department Services include accounting, collective bargaining, personnel, and data processing.

Department of General Services Services include purchasing, printing, mail, motor pool, leasing, and insurance.

Department of Justice Services include legal and research.

Penitentiary Industries Manufacture and sale of furniture, machinery, and equipment.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
INTERNAL SERVICE FUNDS

(Expressed in Thousands)

	As of June 30, 1980	As of June 30, 1981	HIGHER EDUCATION FACILITIES
ASSETS			
Cash on Hand and in Banks	$ 3	$ 3	$ -
Cash on Deposit - State Treasury	17,043	16,848	1,255
Investments - State Treasury	14,557	23,016	-
Advances Receivable	85	82	-
Interest Receivable	7	100	-
Accounts Receivable	7,983	6,680	-
Interfunds Receivable	1	14	-
Inventories	9,781	12,085	-
Prepaid Expenses	8	15	-
Contracts, Mortgages, and Notes Receivable	1,390	1,440	-
Land, Buildings, and Improvements	34,738	39,263	-
Leased Property	13,565	1,478	-
Construction in Process	1,723	20,051	-
Equipment and Machinery	76,959	81,970	-
Less: Allowance for Depreciation	(45,927)	(50,763)	-
Amortization of Leased Property	(3,236)	(491)	-
Total Assets	$ 128,680	$ 151,791	$ 1,255
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	$ 149	$ 679	$ -
Interfunds Payable	774	1,262	-
Trust Funds Payable	1	1	-
Obligation Under Capital Lease	18,366	6,856	-
Contracts, Mortgages, and Notes Payable	5,748	5,695	-
Advances from General Fund	-	80	-
Deferred Income	-	15	-
Total Liabilities	$ 25,038	$ 14,588	$ -
Fund Equity			
Reserve for Encumbrances	$ 3,413	$ 3,212	$ 243
Retained Earnings	100,229	133,991	1,012
Total Fund Equity	$ 103,642	$ 137,203	1,255
Total Liabilities and Fund Equity	$ 128,680	$ 151,791	1,255

Prepared without audit - see letter of transmittal for comments.

EXECUTIVE DEPARTMENT SERVICES	DEPARTMENT OF GENERAL SERVICES	JUSTICE DEPARTMENT SERVICES	PEN. INDUSTRIES SALES	OTHER DATA PROC. SERVICES	OTHER MOTOR POOLS	MISC. INTERNAL SERVICES
$ 1	$ 2	$ -	$ -	$ -	$ -	$ -
792	10,526	420	26	1,107	17	2,705
-	23,016	-	-	-	-	-
6	76	-	-	-	-	-
-	100	-	-	-	-	-
949	3,668	592	221	990	-	260
-	-	-	-	-	-	14
43	1,744	-	1,065	-	5,884	3,349
-	-	-	-	-	-	15
50	1,390	-	-	-	-	-
-	37,822	-	1,441	-	-	-
-	1,478	-	-	-	-	-
-	20,051	-	-	-	-	-
7,921	10,640	1,387	988	11,302	43,076	6,656
(2,451)	(17,809)	(174)	(975)	(6,001)	(20,788)	(2,555)
-	(491)	-	-	-	-	-
$ 7,311	$ 92,213	$ 2,225	$ 2,766	$ 7,388	$ 28,189	$ 10,444
$ -	$ 339	$ -	$ 78	$ 255	$ -	$ 7
-	46	-	-	-	1,216	-
-	1	-	-	-	-	-
2,456	1,205	-	-	3,112	-	83
50	5,645	-	-	-	-	-
-	-	-	-	-	-	80
-	-	-	-	-	-	15
$ 2,506	$ 7,236	$ -	$ 78	$ 3,367	$ 1,216	$ 185
$ 298	$ 942	$ 321	$ 16	$ 803	$ 8	$ 581
4,507	84,035	1,904	2,672	3,281	26,965	9,678
$ 4,805	$ 84,977	$ 2,225	$ 2,688	$ 4,021	$ 26,973	$ 10,259
$ 7,311	$ 92,213	$ 2,225	$ 2,766	$ 7,388	$ 28,189	$ 10,444

STATE OF OREGON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND EQUITY
INTERNAL SERVICE FUNDS

(Expressed in Thousands)

	Fiscal Year Ended June 30,		HIGHER EDUCATION FACILITIES
	1980	1981	
Sales Income	$ 21,880	$ 19,596	$ -
Cost of Goods Sold	(892)	(587)	-
Gross Profit on Sales	$ 20,988	$ 19,009	$ -
Other Income			
Licenses and Fees	$ 350	$ 359	$ -
Federal Revenue	93	126	69
Charge for Services	104,536	115,328	23,129
Rents and Royalties	13,009	12,683	-
Interest Income	2,254	3,556	-
Donations and Grants (Non-Federal)	15	3	3
Other Revenue	6,377	3,782	126
Total Income	$ 147,622	$ 154,846	$ 23,327
Operating Expenses			
Personal Services	$ 47,317	$ 48,004	$ 10,058
Services and Supplies	80,447	83,254	12,337
Debt Service	573	508	47
Depreciation and Amortization	7,678	5,498	-
Total Operating Expenses	$ 136,015	$ 137,264	$ 22,442
Net Income (Loss) From Operations	$ 11,607	$ 17,582	$ 885
Other Sources (Uses) of Funds			
Additions to Revenue			
Transfers in Interfund	9,446	36,479	1
Deductions from Revenue			
Transfers out Interfund	(11,598)	(20,500)	(1,214)
Net Income (Loss)	$ 9,455	33,561	(328)
Fund Equity - Beginning	94,187	103,642	1,583
Fund Equity - Ending (Page 65)	$ 103,642	$ 137,203	$ 1,255

Prepared without audit - see letter of transmittal for comments.

EXECUTIVE DEPARTMENT SERVICES	DEPARTMENT OF GENERAL SERVICES	JUSTICE DEPARTMENT SERVICES	PENITEN. INDUSTRY SALES	OTHER DATA PROC. SERVICES	OTHER MOTOR POOLS	MISC. INTERGOV. SERVICES
$ 108	$ 16,954	$ 24	$ 2,130	$ -	$ 247	$ 133
-	-	-	(587)	-	-	-
$ 108	$ 16,954	$ 24	$ 1,543	$ -	$ 247	$ 133
$ -	$ 166	$ 12	$ -	$ -	$ -	$ 181
53	-	4	-	-	-	-
9,092	13,050	14,913	-	8,286	38,450	8,408
135	12,545	3	-	-	-	-
-	3,556	-	-	-	-	-
-	-	-	-	-	-	-
9	2,715	138	14	-	-	780
$ 9,397	$ 48,986	$ 15,094	$ 1,557	$ 8,286	$ 38,697	$ 9,502
$ 4,819	$ 8,650	$ 10,256	$ 1,253	$ 3,700	$ 5,266	$ 4,002
3,926	26,876	4,716	291	3,354	28,527	3,227
-	461	-	-	-	-	-
579	1,318	103	73	665	2,732	28
$ 9,324	$ 37,305	$ 15,075	$ 1,617	$ 7,719	$ 36,525	$ 7,257
$ 73	$ 11,681	$ 19	$ (60)	$ 567	$ 2,172	$ 2,245
385	29,155	5	936	-	-	5,997
(662)	(11,991)	-	(468)	-	(6,015)	(150)
$ (204)	$ 28,845	$ 24	$ 408	$ 567	$ (3,843)	$ 8,092
5,009	56,132	2,201	2,280	3,454	30,816	2,167
$ 4,805	$ 84,977	$ 2,225	$ 2,688	$ 4,021	$ 26,973	$ 10,259

STATE OF OREGON
STATEMENT OF CHANGES IN FINANCIAL POSITION
INTERNAL SERVICE FUNDS

(Expressed in Thousands)

	Fiscal Year Ended June 30, 1981	
Sources of Working Capital		
Operations:		
Net Income from Operations from Prior Page		$ 17,582
Add Depreciation not Requiring Expenditure of Funds		5,498
Total Provided by Operations		$ 23,080
Transfers in Interfund	$ 36,479	
Advances from General Fund	80	
Deferred Income Received	15	
		36,574
Total Provided		$ 59,654
Uses of Working Capital		
Transfers out - Interfund	20,500	
Reduction of Long-Term Debt	53	
Increases in Long-Term Receivables	50	
Increase in Fixed Assets	30,694	
Total Applied		51,297
Net Increase (Decrease) in Working Capital		$ 8,357
Elements of Net Increase (Decrease) in Working Capital:		
Cash on Deposit - State Treasury		$ (195)
Investment - State Treasury		8,459
Receivables - Current		(1,200)
Inventories		2,304
Prepaid Expenses		7
Payables - Current		(1,018)
Net Increase (Decrease) in Working Capital		$ 8,357

Prepared without audit - see letter of transmittal for comments.

Trust and Agency Funds

TRUST AND AGENCY FUNDS

Trust and Agency Funds account for resources received and held by a governmental unit as trustee or agent for individuals, private organizations, and other governmental units to be expended or invested in accordance with the conditions of the trust or agency agreement.

The Trust and Agency Fund financial information is allocated as follows:

Public Employe Retirement System Trust funds include retirement funds of the State of Oregon and other municipalities electing to participate in that system. (Note 4, Page 15)

Higher Education Trust funds are primarily gifts and grants restricted to provide loans to students. Also included are deposits held for safekeeping and moneys treated as endowments.

State Lands Trust funds represent the state owned land and other assets held and operated for the benefit of public schools. Lands include approximately 800,000 acres of off-shore lands, 600,000 acres of grazing lands and 132,000 acres of timber producing lands.

Employment Trusts represent funds held by the Employment Division for future payment of unemployment benefits.

Local Government Investment Pool funds are those held and invested for local governments by the State Treasurer.

Adult & Family Service Trust funds are assets which are managed for recipients who are unable to manage their own resources.

Deferred Compensation Trust funds are those amounts of salaries elected to be deferred by state employes. (See Note 5, page 16)

Agency Flow-Through funds are moneys received by state agencies for redistribution to other state agencies or municipalities.

Miscellaneous Trust and Agency funds are composed of funds held by various state agencies. The largest portion, Securities Held in Trust, are those held by the Insurance and Banking Divisions of the Department of Commerce as security and performance deposits.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
TRUST AND AGENCY FUNDS

(Expressed in Thousands)

	As of June 30,		PUB. EMPL RETIREMENT SYSTEM	HIGHER EDUCATION
ASSETS	1980	1981		
Cash on Hand and in Banks	$ 1,427	$ 5,372	$ -	$ -
Cash on Deposit - State Treasury	555,475	570,600	31,968	5,054
Investments - State Treasury	1,788,996	2,061,008	1,939,966	14,296
Investments - Other	3,214	704,021	100	922
Securities Held in Trust	619,304	506,649	-	-
Receivables	102,724	115,847	25,018	2,104
Interfund Receivables	21,583	28,625	-	16,348
Inventories	415	436	23	-
Prepaid Expenses	7	-	-	-
Contracts, Notes and Mortgages Receivable	166,964	197,715	-	54,196
Land, Buildings and Improvements	1,534	5,371	-	-
Equipment	456	470	188	-
Less Allowance for Depreciation	(101)	(124)	(124)	-
To be Provided for Payment of L-T Liabilities	-	6	-	-
Total Assets	$ 3,261,998	$ 4,195,996	$ 1,997,139	$ 92,920

LIABILITIES AND FUND EQUITY

	1980	1981	PUB. EMPL RETIREMENT SYSTEM	HIGHER EDUCATION
Liabilities				
Accounts Payable	$ 1,134	$ 1,015	$ 961	$ -
Due to Other Governments	80,092	44,457	14,357	-
Due to Other Funds	152,575	46,009	-	16,349
Trust Funds Payable	647,044	1,364,266	-	2,652
Deferred Income	19	20	-	-
Obligation Under Capital Lease	-	6	-	-
Total Liabilities	$ 880,864	$ 1,455,773	$ 15,318	$ 19,001
Fund Equity				
Reserve for Encumbrances	$ 146	$ 658	$ 42	-
Reserve for Receivables	166,964	197,715	-	54,196
Reserve for Inventories	416	436	23	-
Reserves - Other	885	388	-	-
Reserve for Funds in Trust	2,211,712	2,536,480	1,981,693	19,723
Investment in Fixed Assets	1,011	4,546	63	-
Total Fund Equity	$ 2,381,134	$ 2,740,223	$ 1,981,821	$ 73,919
Total Liabilities and Fund Equity	$ 3,261,998	$ 4,195,996	$ 1,997,139	$ 92,920

Prepared without audit - see letter of transmittal for comments.

STATE LANDS TRUSTS	EMPLOYMENT TRUSTS	LOCAL GOVERNMENT INV. POOL	ADULT & FAMILY SERV. TRUSTS	DEFERRED COMPENSATION	AGENCY FLOW-THRU FUNDS	MISC. TRUST & AGENCY FUNDS
$ -	$ -	$ -	$ -	$ 5,060	$ -	$ 312
10,159	336,388	80,062	6,999	-	70,773	29,197
106,522	-	157	-	-	-	67
1,795	-	-	-	-	-	701,204
480	47	-	-	-	488,725	17,397
2,730	73,899	-	1,720	-	807	9,569
16	-	-	10,566	-	-	1,695
10	-	-	-	-	382	21
-	-	-	-	-	-	-
-	977	-	15,145	-	127,397	-
4,305	-	-	-	-	5	1,061
136	-	-	-	-	-	146
-	-	-	-	-	-	-
6	-	-	-	-	-	-
$ 126,159	$ 411,311	$ 80,219	$ 34,430	$ 5,060	$ 688,089	$ 760,669
$ 42	$ -	$ -	$ -	$ -	$ 12	$ -
12,811	-	-	10	-	17,279	-
90	-	-	17,874	-	10,884	812
9,585	100	80,219	1,351	-	523,870	746,489
5	-	-	-	-	-	15
6	-	-	-	-	-	-
$ 22,539	$ 100	$ 80,219	$ 19,235	-	$ 552,045	$ 747,316
$ 22	$ -	$ -	$ -	$ -	$ 94	$ 500
1	977	-	15,145	-	127,396	-
11	-	-	-	-	382	20
300	-	-	50	-	2	36
98,345	410,234	-	-	5,060	8,165	12,760
4,441	-	-	-	-	5	37
$ 103,620	$ 411,211	$ -	$ 15,195	$ 5,060	$ 136,044	$ 13,353
$ 126,159	$ 411,311	$ 80,219	$ 34,430	$ 5,060	$ 688,089	$ 760,669

STATE OF OREGON
COMPARATIVE STATEMENT OF REVENUES
TRUST AND AGENCY FUNDS

(Expressed in Thousands)

	FISCAL YEAR ENDED		PUB. EMPL. RETIREMENT SYSTEM	HIGHER EDUCATION
	June 30 1980	June 30 1981		
Revenue				
Selective Sales and Use Taxes	$ 104,479	$ 99,510	$ -	$ -
Gross Receipts Business Taxes	3,375	3,855	-	-
Employer - Employe Taxes	262,325	261,798	-	-
Severance Taxes	51,701	54,972	-	-
Other Taxes	3,905	4,431	-	-
Business Licenses and Fees	114	2,481	-	-
Non-Business Licenses and Fees	47,678	51,778	-	-
Federal Revenues	130,019	132,697	-	3,237
Charges for Services	46,751	48,713	-	-
Rents and Royalties	3,771	1,999	-	-
Interest Income	125,942	160,191	117,172	768
Sales Income	17,551	17,680	-	-
Donations and Grants (Non-Federal)	998	912	-	369
Contributions	496,872	632,452	632,452	-
Loan Repayments	4,258	4,558	-	4,485
Other Revenue	10,207	14,641	-	408
Total Revenue	$1,309,946	$1,492,668	$ 749,624	$ 9,267
Additions to Revenue				
Transfers In - Interfund	$ 393,613	$ 331,746	$ 1,074	$ 274
Deductions from Revenue				
Transfers Out - Interfund	$ (447,150)	$ (538,774)	$ (247)	$ (583)
Transfers to Cities	(3,757)	(3,673)	-	-
Transfers to Counties	(96,437)	(105,598)	-	-
Transfers to Others	(534,291)	567,658)	(320,220)	-
Total Deductions	$(1,081,635)	$(1,215,703)	$ (320,467)	$ (583)
Net Revenue	$ 621,924	$ 608,711	$ 430,231	$ 8,958

Prepared without audit - see letter of transmittal for comments.

STATE LANDS TRUSTS	EMPLOYMENT TRUSTS	LOCAL GOVERNMENT INV. POOL	ADULT & FAMILY SERV. TRUSTS	DEFERRED COMPENSATION	AGENCY FLOW-THRU FUNDS	MISC.TRUST & AGENCY FUNDS
$ -	$ -	$ -	$ -	$ -	$ 99,510	$ -
-	-	-	-	-	3,855	-
-	222,474	-	-	-	39,324	-
-	-	-	-	-	54,972	-
-	-	-	-	-	4,394	37
-	-	-	-	-	2,481	-
5	-	-	-	-	51,777	(4)
7	19,650	-	-	-	103,614	6,189
173	-	-	-	(1)	990	47,551
1,999	-	-	-	-	-	-
10,700	31,043	-	-	258	-	250
205	-	-	-	-	17,475	-
1	-	-	-	-	360	182
-	-	-	-	-	-	-
-	73	-	-	-	-	-
1,102	-	-	-	4,196	7,475	1,460
$14,192	$ 273,240	$ -	$ -	$ 4,453	$ 386,227	$ 55,665
$13,786	$ -	$ -	$ -	$ -	$ 268,843	$ 47,769
$(4,036)	$(265,419)	$ -	$ -	$ -	$(173,619)	$ (94,870)
-	-	-	-	-	(3,673)	-
-	-	-	-	-	(105,598)	-
-	-	-	-	-	(251,448)	4,010
$(4,036)	$(265,419)	$ -	$ -	$ -	$(534,338)	$ (90,860)
$23,942	$ 7,821	$ -	$ -	$ 4,453	$ 120,732	$ 12,574

STATE OF OREGON
COMPARATIVE STATEMENT OF EXPENDITURES
TRUST AND AGENCY FUNDS

(Expressed in Thousands)

	FISCAL YEAR ENDED June 30 1980	FISCAL YEAR ENDED June 30 1981	PUB. EMPL. RETIREMENT SYSTEM	HIGHER EDUCATION
Expenditures by Budget Category				
Personal Services	$ 3,087	$ 3,922	$ 1,304	$ -
Services and Supplies	3,403	2,975	631	117
Capital Outlay	156	-	-	-
Special Payments	267,687	242,023	126,544	4,441
Debt Service	-	-	-	-
Non-Limited	300	739	13	-
Total Expenditures	$ 274,633	$ 249,659	$ 128,492	$ 4,558
Expenditures by Program Area				
Economic Develop. and Consumer Serv. (Note)	$ (806)	$ -	$ -	$ -
Education	8,629	4,773	-	4,558
Human Resources	(1,032)	-	-	-
Natural Resources	13,453	15,359	-	-
Public Safety	-	-	-	-
Transportation	5,628	11,233	-	-
Administration and Support	248,761	218,294	128,492	-
Legislative	-	-	-	-
Judicial	-	-	-	-
Total Expenditures	$ 274,633	$ 249,659	$ 128,492	$ 4,558

Prepared without audit - see letter of transmittal for comments.

STATE LANDS TRUSTS	EMPLOYMENT TRUSTS	LOCAL GOVERNMENT INV. POOL	ADULT & FAMILY SERV. TRUSTS	DEFERRED COMPENSATION	AGENCY FLOW-THRU FUNDS	MISC.TRUST & AGENCY FUNDS
$ 706	$ -	$ -	$ -	$ -	$ 1,884	$ 28
339	-	-	-	-	1,390	498
-	-	-	-	-	-	-
9,677	-	-	-	81	93,057	8,223
-	-	-	-	-	-	-
661	-	-	-	-	-	65
$ 11,383	$ -	$ -	$ -	$ 81	$ 96,331	$ 8,814
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	215
-	-	-	-	-	-	-
11,383	-	-	-	-	3,388	588
-	-	-	-	-	-	-
-	-	-	-	-	3,222	8,011
-	-	-	-	-	89,721	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 11,383	$ -	$ -	$ -	$ 81	$ 96,331	$ 8,814

STATE OF OREGON
STATEMENT OF CHANGES IN TRUST AND AGENCY FUND EQUITY
Fiscal Year Ended June 30, 1981

(Expressed in Thousands)

Fund Equity - June 30, 1980 (Page 71)		$ 2,381,134
Prior Period Adjustments		37
Excess of 1980-81 Revenues over Expenditures		
Revenues (Page 73)	$ 608,711	
Less Expenditures (Page 75)	249,659	359,052
Fund Equity - June 30, 1981 (Page 71)		$ 2,740,223

Prepared without audit - see letter of transmittal for comments.

Account Group

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group accounts for fixed assets acquired through governmental funds.

STATE OF OREGON
COMPARATIVE BALANCE SHEET
GENERAL FIXED ASSET ACCOUNT GROUP

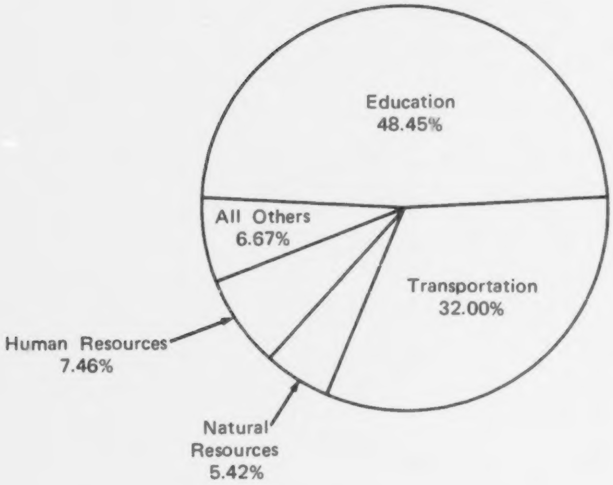
(Expressed in Thousands)

		As of June 30,	
		1980	1981
Land	(Note 1, Note 16)	$ 558,567	$ 425,223
Buildings		558,134	571,335
Improvements		36,526	46,028
Construction in Process		2,334	1,700
Equipment and Machinery		266,123	293,083
Leasehold Improvements		-	686
Capital Leased Property		126	108
Total		$1,421,810	$1,338,163
Less Allowance for Depreciation		(20,315)	(22,683)
Investment in Fixed Assets and Leased Property		$1,401,495	$1,315,480

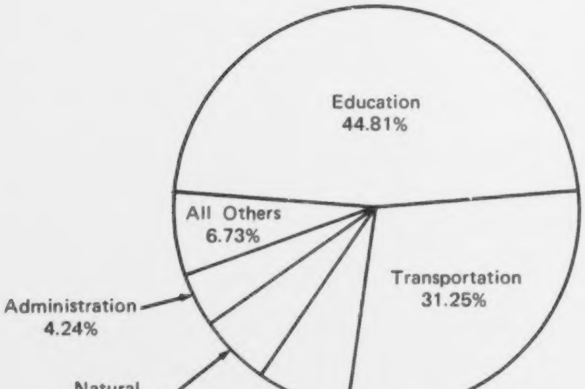
Prepared without audit - see letter of transmittal for comments.

FIXED ASSETS UTILIZATION BY PROGRAM AREA
(Expressed in Thousands)

General Fixed Assets
Group of Accounts
$1,315,480



Fixed Assets
All Funds
$1,422,220



General Long-Term
Debt Account Group

GENERAL LONG-TERM DEBT ACCOUNT GROUP

General Long-Term Debt Account Group accounts for long-term bonded debt other than those incurred in Proprietary, Special Assessment, and Trust Funds.

STATE OF OREGON
STATEMENT OF GENERAL LONG-TERM DEBT *

(Expressed in Thousands)

	As of June 30,	
	1980	1981
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF LONG-TERM DEBT		
Amount Available in Debt Service Fund	$ 46,275	$ 52,809
Amount to be Provided - Long-Term Liabilities	-	85,452
Amount to be Provided - Long-Term Debt	326,936	353,431
Total Available and to be Provided	$ 373,211	$ 491,692
GENERAL LONG-TERM DEBT PAYABLE		
Bonds Payable		
Board of Higher Education		
Facilities	$ 67,818	$ 66,063
Building Projects	84,880	81,825
Community College and Education Center	39,710	38,700
Oregon Forest Rehabilitation and Reforestation	1,300	675
Oregon Pollution Control	99,300	134,350
Oregon State Highway	53,500	65,200
Water Resources	15,208	19,427
Total	$ 361,716	$ 406,240
Other Long-Term Debt		
Advances From General Fund	$ -	$ 4,699
Contracts, Mortgages & Notes Payable	7,079	76,642
Obligations Under Capital Lease	4,416	4,111
Total in Long-Term Debt Account Group	$ 373,211	$ 491,692
SUMMARY OF GENERAL OBLIGATION BONDS		
Total - Bonds Payable Above	$ 361,716	$ 406,240
Oregon Veteran's Welfare Bonds Reported in Enterprise Fund	4,160,000	5,094,000
Elderly Housing Bonds Reported in Enterprise Fund	23,025	23,025
Total General Obligation Bonds	$4,544,741	$5,523,265

Prepared without audit - see letter of transmittal for comments.

* See Supplementary Information Section for detailed analysis of Bonded Debt.

SUPPLEMENTAL
INFORMATION

ANALYSIS OF CASH AND INVESTMENTS WITH STATE TREASURY

Most of the state agencies are required to deposit the cash they receive in an account with the State Treasurer. The State Treasurer manages the funds similar to the way a commercial bank would do.

On the following page is an analysis of the cash on deposit - State Treasury account shown in the combined Balance Sheet as cash maintained by the State Treasurer. The portion of these funds which is considered to be excess funds is invested by the State Treasurer. A schedule of these investments is presented by classification.

Some agencies are allowed to designate amounts of cash to be invested separately by the Treasurer. These amounts, totalling $2,443,468 thousand, are included in the Investments account on the Combined Balance sheet. A schedule of designated investments by classification is included in the following presentation.

STATE OF OREGON
ANALYSIS OF CASH ON DEPOSIT WITH STATE TREASURER
JUNE 30, 1981

(Expressed in Thousands)

Cash on Deposit - State Treasurer

Cash on Deposit - State Treasurer (Page 20)		$ 1,023,176
Adjusted by Outstanding Vouchers, Warrants, and Deposits in Transit - Net		163,183
Total Cash on Deposit with State Treasurer		$ 1,186,359

Cash as Maintained by State Treasurer

Cash on Hand		$ 11
Cash Items		
Federal Depositories	$ 325,860	
State Depositories - Demand Deposits (Overdrawn)	(6,712)	319,148
Net Cash Items		
Investment of Excess Funds		
Short Term	$ 609,342	
Long Term	257,858	
Total Invested (Page 83)		867,200
Total Cash and Excess Fund Investments		$ 1,186,359

STATE OF OREGON

TREASURY DEPARTMENT

CUSTODIAL ACCOUNTS
STATE FUNDS
Investments by Classification
June 30, 1981

(Expressed in Thousands)

CLASS	DESCRIPTION	EXCESS FUNDS	DESIGNATED FUND INVESTMENT
Short Term			
1110	U. S. Treasury Bills	$ -	$ 43,987
1120	U. S. Agency Paper	14,991	100,641
1210	Time Certificate of Deposit	90,000	-
1220	Bankers Certificate of Acceptance	71,605	-
1310	Utilities	74,203	18,687
1320	Industrial	159,895	46,635
1330	Banks	81,945	40,225
1340	Finance Credit	71,379	6,257
1360	Insurance Companies	9,836	19,936
1370	Commercial Paper Repurchases	35,488	13,000
	Total Short Term	$ 609,342	$ 289,368
Long Term			
2111	U. S. Treasury Bonds	$ 58,189	$ 10,551
2112	U. S. Agency Bonds	27,396	75,901
2113	Canadian Bonds	-	139,946
2114	Municipal Bonds	-	157
2115	GNMA Passthrus and FHLMC	128,479	71,664
2121	Telephone	-	93,663
2122	Electricity	-	202,685
2123	Gas	-	50,703
2130	Corporate Industrial Bonds	2,500	184,954
2140	Corporate Financial Bonds	9,998	182,008
2150	Corporate Railroad Bonds	-	75,319
2160	Corporate Railroad Terminal Bonds	-	2,596
2170	Mortgage Passthru Securities	15,335	121,524
2180	Mortgage Backed Securities	-	30,456
2211	Capehart Mortgages	-	4,761
2212	Residential Blocks	1,913	16,047
2213	Apartments and Nursing Homes	-	2,717
2230	Conventional RE Mortgage	5,000	162,717
2240	Equity Real Estate	-	12,500
2310	State Agency Loans	-	50
2320	Business Loans	-	10,521
2330	State Tax Deferrals	9,048	-
2400	Equity Funds	-	702,660
	Total Long Term	$ 257,858	$2,154,100
	Total Investments	$ 867,200	$2,443,468

ANALYSIS OF BONDED DEBT

The State of Oregon Constitution provides for the issuance of general obligation debt for a number of purposes. The State may also issue revenue bonds under various State laws.

General obligation bonds are secured by the full faith and credit of the government and are not deemed a primary obligation of any specific fund of the organization.

Revenue bonds such as the housing revenue bonds are not secured by the full faith and credit of the State nor are the bonds an obligation of the State. They are secured and payable only from the obligations of the mortgage lenders as collaterally secured by approved securities or to first mortgage liens on low income family residential property.

The following summary information is provided for the year ended June 30, 1981 to aid in analysis of State bonded debt.

Summary of Changes in Bonded Debt Outstanding.
Summary of General Obligation Debt Service.
Summary of Revenue Bond Debt Service
Analysis of General Obligation Debt.
Summary of Outstanding Debt and Constitutional and Statutory Provisions.
Summary of Oregon State Constitutional Provisions regarding General Obligation Debt.

STATE OF OREGON
SUMMARY OF CHANGES IN BONDED DEBT OUTSTANDING

(Expressed in Thousands)

	BONDS OUTSTAND. July 1, 80	DEBT INCURRED DUR. YEAR	DEBT REDUCED DUR. YEAR	BONDS OUTSTAND. June 30, 81
General Obligation Bonds				
General Fund Obligations				
Oregon Forest Rehabilitation Bonds	$ 1,300	$ -	$ 625	$ 675
Community College Bonds	39,710	-	1,010	38,700
Higher Education Facilities Bonds	67,818	-	1,755	66,063
Pollution Control Bonds	99,300	40,000	4,950	134,350
Total General Fund Obligations	$208,128	$40,000	$ 8,340	$ 239,788
Dedicated Fund Obligations				
Oregon Veterans' Welfare Bonds	$4,160,000	$1,040,000	$ 106,000	$5,094,000
Higher Education Project Bonds	84,880	-	3,055	81,825
Oregon State Highway Bonds	53,500	15,000	3,300	65,200
Elderly Housing Bonds	23,025	-	-	23,025
Water Resources Bonds	15,208	4,305	86	19,427
Total Dedicated Fund Obligations	$4,336,613	$1,059,305	$ 112,441	$5,283,477
Total General Obligation Bonds	$4,544,741	$1,099,305	$ 120,781	$5,523,265
Revenue Bonds				
Housing Bonds	321,445	59,775	4,730	376,490
Total Obligation	$4,866,186	$1,159,080	$ 125,511	$5,899,755

STATE OF OREGON
SUMMARY OF GENERAL OBLIGATION DEBT SERVICE
June 30, 1981

(Expressed in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIRED
1981-82	$ 172,784	$ 359,656	$ 532,440
1982-83	174,516	350,146	524,662
1983-84	206,319	340,836	547,155
1984-85	236,088	328,693	564,781
1985-86	233,003	316,489	549,492
1986-87	232,343	303,876	536,219
1987-88	237,739	291,283	529,022
1988-89	229,602	278,561	508,163
1989-90	241,512	266,563	508,075
1990-91	262,391	253,315	515,706
1991-92	258,775	236,351	495,126
1992-93	269,043	220,018	489,061
1993-94	270,899	203,367	474,266
1994-95	276,386	184,532	460,918
1995-96	275,836	164,589	440,425
1996-97	275,568	145,601	421,169
1997-98	265,231	126,122	391,353
1998-99	215,163	107,340	322,503
1999-00	184,439	91,083	275,522
2000-01	152,173	77,092	229,265
2001-02	151,596	65,039	216,635
2002-03	138,021	53,169	191,190
2003-04	126,315	43,039	169,354
2004-05	105,982	33,736	139,718
2005-06	83,430	25,665	109,095
2006-07	83,483	18,720	102,203
2007-08	82,232	11,780	94,012
2008-09	61,961	4,934	66,895
2009-10	12,800	1,256	14,056
2010-11	40	630	670
2011-12	-	627	627
2012-13	-	627	627
2013-14	-	627	627
2014-15	-	627	627
2015-16	-	627	627
2016-17	-	627	627
2017-18	-	627	627
2018-19	-	627	627
2019-20	-	627	627
2020-21	-	627	627
2021-22	7,595	627	8,222
TOTALS	$ 5,523,265	$4,910,378	$10,433,643

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HOUSING DIVISION
SUMMARY OF REVENUE BOND DEBT SERVICE
June 30, 1981

(Expressed in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIRED
1981-82	$ 9,230	$ 25,469	$ 34,699
1982-83	15,140	25,183	40,323
1983-84	17,315	24,210	41,525
1984-85	20,525	23,091	43,616
1985-86	19,935	21,900	41,835
1986-87	18,685	20,741	39,426
1987-88	15,035	19,638	34,673
1988-89	14,380	18,702	33,082
1989-90	13,675	17,792	31,467
1990-91	13,325	16,897	30,222
1991-92	12,540	16,021	28,561
1992-93	12,000	15,176	27,176
1993-94	11,260	14,366	25,626
1994-95	11,050	13,574	24,624
1995-96	10,435	12,793	23,228
1996-97	9,940	12,042	21,982
1997-98	9,735	11,307	21,042
1998-99	8,965	10,612	19,577
1999-00	9,105	9,941	19,046
2000-01	9,245	9,254	18,499
2001-02	9,355	8,556	17,911
2002-03	9,435	7,848	17,283
2003-04	9,505	7,132	16,637
2004-05	9,590	6,405	15,995
2005-06	9,670	5,669	15,339
2006-07	9,725	4,924	14,649
2007-08	9,800	4,170	13,970
2008-09	9,560	3,416	12,976
2009-10	18,255	2,382	20,637
2010-11	8,125	1,388	9,513
2011-12	6,060	790	6,850
2012-13	4,125	356	4,481
2013-14	1,765	93	1,858
TOTALS	$ 376,490	$ 391,838	$ 768,328

(Page 85)

STATE OF OREGON
ANALYSIS OF GENERAL OBLIGATION DEBT

(Expressed in Whole Dollars)

	June 30				
	1977	1978	1979	1980	1981
Total General Obligation Debt	$ 2,412,178,000	$2,991,466,000	$3,594,024,000	$4,844,741,000	$5,523,265,000
Revenue Supported General Obligation Debt	$ 2,246,208,000	$2,865,001,000	$3,467,829,000	$4,706,122,631	$5,377,521,631
Non-Revenue Supported General Obligation Debt	$ 165,970,000	$ 126,465,000	$ 126,195,000	$ 138,618,369	$ 145,743,369
Population	2,396,100	2,472,000	2,544,000	2,646,200	2,646,200
Total Debt per Capita	$1,006.71	$1,210.14	$1,412.75	$1,830.83	$2,087.24
True Cash Value (TCV)	$40,703,679,586	$46,646,448,760	$59,025,276,078	$73,401,711,033	$73,401,711,033
Total Debt as Percent TCV	5.93%	6.41%	6.09%	6.60%	7.52%
Non-Revenue Supported General Obligation Debt per Capita	$67.27	$51.16	$49.60	$52.38	$55.08
Non-Revenue Supported General Obligation Debt as Percent TCV	.41%	.27%	.21%	.19%	.20%
Total Personal Income	$14,930,073,000	$17,110,359,000	$19,807,893,000	$22,460,154,000	$24,613,000,000
Revenue Supported General Obligation Debt as Percent Total Personal Income	15.04%	16.74%	17.51%	20.95%	21.85%
Non-Revenue Supported General Obligation Debt as Percent Total Personal Income	1.11%	.74%	.64%	.62%	.59%

Source: State Treasurer.

STATE OF OREGON
SUMMARY OF OUTSTANDING DEBT AND CONSTITUTIONAL AND STATUTORY PROVISIONS
June 30, 1981

(Expressed in Thousands)

PURPOSE/DEPARTMENT	CONSTITU. 1/ PROVISION	CONSTITU. DEBT LIMIT	STATUTORY DEBT LIMIT	AMOUNT ISSUED	AMOUNT OUTSTAND.	AUTHORIZA. 3/ REMAINING
GENERAL OBLIGATION BONDS						
General Fund:						
Higher Education						
Facilities	ART XI-G	3/4% TCV	-	$ 78,568	$ 66,063	$ 445,749
Community College & Education Center			-	44,645	38,700	
State Power Development	ART XI-D	1-1/2% TCV	-	-	-	1,101,026
General Purposes	ART XI-Sec 7	50	-	-	-	50
Oregon Forest Rehabilitation & Reforestation	ART XI-E	3/16% TCV	$ 750/yr	13,350	675	136,953
Oregon Pollution Control *(30% General Fund)	ART XI-H	1% TCV	$ 160,000	160,000	40,305	25,650
					$ 145,743	
Fully Self-Supporting;						
Higher Education Building Projects	ART XI-F(1)	3/4% TCV	$ 90,500	$ 122,023	$ 81,825	8,675
Oregon State Highway	ART XI-Sec 7	1% TCV	see ORS 367	246,050	65,200	668,817
Irrigation, Drainage and Water Projects	ART XI-I	1-1/2% TCV	-	19,591	19,427	1,081,599
Elderly Multi-family Housing	ART XI-I	1/2% TCV	-	23,025	23,025	343,984
Oregon Veteran's Welfare	ART XI-A	8% TCV	-	5,755,000	5,094,000	778,137
Small Scale Energy Projects	ART XI-J	1/2% TCV	-	-	-	367,009
Oregon Pollution Control *(70% Self-Supporting)	(see above)	-	-	(see above)	94,045	(see above)
					$5,377,522	
Total General Obligation Bonds					$5,523,265	
					(Page 85)	
REVENUE BONDS						
Board of Forestry	-	-	$ 500	$ -	$ -	$ 500
Forest Development Financing	-	-	(ORS 530.140)			
Department of Commerce, Housing Division	-	-	$ 530,000	$ 407,495	$ 376,490	$ 153,510
Housing Project Financing	-	-	(ORS 456.660)			
Oregon Mass Transportation	-	-	$ 50,000	$ 3,300	$ 3,300	$ 46,700
Financing Authority 4/	-	-	(ORS 391.550)			
INDUSTRIAL DEVELOPMENT REVENUE BONDS						
Department of Economic Development 4/	-	-	(ORS 280.310)	$ 113,173	$ 107,893	N/A
Short-Term Debt 2/	ART XI-Sec 7	$50	-	-	-	$ 50

1/ See Summary of Oregon State Constitutional Provisions regarding General Obligation Debt.

2/ The State of Oregon may not incur indebtedness exceeding $50,000 without a constitutional amendment approved by the voters. The General Purposes and/or Short Term Debt categories both reflect this single limitation.

3/ Based on the January 1, 1980 True Cash Value (TCV) of $73,401,711,033.

4/ Included for information purposes only. See Note 12, Page 17.

STATE OF OREGON
Summaries of Oregon State Constitutional Provisions Regarding General Obligation Debt

ARTICLE IX

Section 2 of this Article states that the legislature shall provide for raising enough revenue to defray the expenses of the State for each fiscal year and also to pay the interest on the State debt. Section 3a of this Article restricts the use of gasoline taxes and other highway-user taxes to activities associated with the State's roads, including the retirement of bonds where these taxes have been pledged as the source of revenue. In addition, however, taxes on recreational vehicles may be used to acquire and care for parks and recreation areas. Section 6 requires the legislature to increase taxes to cover deficits occurring in the previous year and estimated expenses for the ensuing year.

ARTICLE XI

Section 7 limits the State's indebtedness for purposes not otherwise provided for in the constitution to $50,000 and for building and maintaining roads to 1% TCV of property in the state. The section does not apply to real property leases up to 20 years entered into by the State for a public purpose.

ARTICLE XI-A

Section 1 of this Article authorizes the State to borrow up to 8% TCV of property in the state to create the Oregon War Veteran's Fund. Section 2 states that bonds of the Oregon War Veteran's Fund shall be a direct obligation of the state. An annual tax of up to 2 mills on all taxable property within the State is allowed by Section 4 as a source of interest and repayment for the bonds. This amount of tax however is limited by Statute to 0.25 mill.

ARTICLE XI-D

This Article establishes a debt limit of 1.5% TCV of all taxable property in the State to provide primarily for the development of hydroelectric power.

ARTICLE XI-E

This Article establishes a maximum debt limit of 3/16% TCV of all taxable property in the State to provide for the reforestation of land which the State currently owns and that which it may acquire for the purpose of reforestation. Funds generated from the reforested lands must be used to repay any outstanding debt issued under this provision and property taxes are also authorized to assist in repaying this debt. A debt limit of $750,000/year is currently set by statute.

ARTICLE XI-F(I)

Here the constitution provides a debt limit of 3/4 of 1% TCV of all taxable property in the State for higher education building projects (which are limited by statute to $90.5 million in total indebtedness). These projects must be wholly self-supporting and self-liquidating from revenues, gifts, grants or building fees. If the projects do not provide enough funds to repay the debt and the interest on the debt, property taxes are allowed.

ARTICLE XI-G

In addition to the debt provisions of Article XI-F(I) this article allows a debt limit of up to 3/4 of 1% TCV for higher education projects (including those of community colleges). Unlike Article XI-F(I), however, these projects cannot be totally self-supporting. Property taxes are allowed to repay this debt and its interest. In addition, any funds spent under this provision must be matched by the legislature from the General Fund.

ARTICLE XI-H

Funds for pollution abatement projects of State and local government agencies may be borrowed under this section, up to 1% TCV of all taxable property in this State. Facilities acquired under this program are required to "conservatively appear" to be at least 70% self-supporting and self-liquidating from revenues, gifts, grants from the Federal Government, user charges, assessments and other fees. Property taxes are provided as a source of additional revenue to support these bonds.

ARTICLE XI-I(1)

Funds for loans to construct water development projects for irrigation and drainage may be borrowed up to 1½% TCV of all the property within the state. Property taxes may be levied to repay this debt if revenues are insufficient.

ARTICLE XI-(2)

Authorizes funds for additional financing for multifamily housing for elderly households of low income. Debt outstanding for this purpose may not exceed 1/2 of 1% TCV of all taxable property in the state. Property taxes may be levied to repay this debt if revenues from loan repayments are insufficient.

ARTICLE XI-J

Authorizes borrowing to provide funds for loans for small scale local energy projects, up to 1/2 of 1% TCV of all taxable property in the state. Property taxes may be levied to repay this debt if revenues from loan repayments are insufficient.

APPROVED BY:
Dave Frohnmayer
ATTORNEY GENERAL, State of Oregon

ECONOMIC INFORMATION

ECONOMIC INFORMATION

Economic information is presented to allow a broader understanding of the economic and social environment in which State government operates.

ECONOMIC INFORMATION

THE STATE'S ECONOMY

The following information on the state's economy, obtained from sources indicated, may be relevant in evaluating the economic and financial condition and future prospects of the state. The data do not present all factors which may relate to the state's economic and financial affairs and may require economic analysis in order to determine their importance to the state. The data may be subject to differing interpretations depending on the economist or financial analyst consulted.

An Overview

The overall economy of the state improved in the decade of 1970-1980 in comparison to national economic trends. Unemployment, while still above national averages, is comparatively lower than ten years ago. The state's dependence on the lumber and wood products industries declined since 1950 from about 59% of total manufacturing employment to about 32% in 1980. At the same time, high technology industries now account for almost 22% of total manufacturing employment. Agricultural diversity is possible because of the state's varied topography, climate and soils.

Most manufacturing, agriculture and population of the state is concentrated in the Willamette River Valley, which extends north to south through the western portion of the state comprising 11.3% of the state's total land area.

Population and per capita income in Oregon have increased at rates significantly above national averages in the last decade. Oregon's population has grown at a rate three to four times the national average in the last three years. Per capita income has risen from 5.5% below the national average in 1970 to one to three percent above in the last three years.

Portland is Oregon's largest city, situated at the confluence of the Columbia and Willamette Rivers. The greater Portland area is the most diversified manufacturing center on the West Coast and the largest seaport for tonnage in the Pacific Northwest. The Port of Portland is the largest export port on the West Coast and on February 18, 1980 was the port of entry for the first ship to bring cargo from the People's Republic of China in thirty years. Port of Portland activity was slightly lower in fiscal year 1979-80 due to nationwide recession and the temporary effects resulting from the eruption of Mt. St. Helens, a volcano in the State of Washington.

The lumber industry is still considered a bellwether of economic trends in the state. Because of its dependence on trends in national housing and other construction activity, the industry is closely related to the performance of the national economy. On the downturn, lumber is the first to decline. Its recovery leads the rest of the economy and in the past, has been considered essential to economic well-being. Changing employment patterns and increasing economic diversity are partially changing this causal relationship.

The Oregon economy is also particularly sensitive to U.S. monetary policy. In the past few years of rampant nationwide inflation, the Consumer Price Index in Portland has exceeded national levels.

Agriculture is often classed as Oregon's second largest industry. Agricultural employment has dropped in the last decade due to less labor-intensive production methods. The agricultural sector of the economy is well diversified. Farm income, although affected by the international value of the dollar, has shown recent improvement.

The shortage and rising cost of energy affect the economic condition of the state. The Oregon Department of Energy publishes an annual report forecasting the energy situation as it affects Oregon, including trends and policy options.

Summary of Economic Trends

Following World War II, the Oregon economy exhibited rather slow growth performance for about two decades. However, beginning in the mid-sixties, the economy of the state began a period of more rapid growth, better economic diversification, and improvement in comparison to national trends.

During the period from 1964 to 1974, the real value of goods and services produced in the state increased at an average annual rate of 4.7%, as compared to 3.1% average expansion from 1950 to 1963. During the same decade, Oregon also outpaced the mean annual real growth attained by the United States economy as a whole. Further, the period from 1970 to 1978 saw an annual real growth rate in Oregon of 5.41% as compared with a 3.35% national rate.

This economic growth, outpacing national growth, resulted in corresponding advances in real personal income and employment, as well as attracting increasing numbers of new residents from other states. From 1970 to 1980, Oregon population grew 26.5% compared with only 11.1% nationwide. About two-thirds of the increase in Oregon was due to net migration.

The decade from 1970 to 1980 brought more accelerated growth to the state. Per capita income increased from 94.5% of the national average in 1970 to 101.5% in 1979. Reliance on the state's primary industry, lumber and wood products, decreased from an annual average of 38.8% of total manufacturing employment in 1970 to an annual average of 32.3% in 1980. Greater economic diversification was led by the increase in the same period in high technology employment (machinery, electrical equipment and supplies, instruments and related products) from about 12% to 22% of total manufacturing employment.

Unemployment as a percent of the labor force continues to be above the national average by about one to two percent in the last decade. However, Oregon average employment growth outpaced labor force growth, whereas nationally labor force growth exceeded employment growth. Oregon's total nonagricultural employment increased 34.5% in the last decade while population increased 26.5%.

The state remains slightly more sensitive than the national average to national economic cycles, according to measurement by leading economic indicators.

Certain outstanding features of economic development over the last decade are summarized below.

1970 - Nationwide recession in progress.

1971 - Beginning of economic recovery in Oregon and nation; beginning of slow upswing in lumber industry; labor management disputes slow economic growth.

1972 - Improving economic conditions; lumber and non-wood products manufacturing expansion; rapid population growth in urban areas; construction industry expansion.

1973 - Employment growth in manufacturing retail trade services and government; record levels of employment; cyclical upturn in economy; expanded business activity; gains in employment and payrolls; increases in corporate profits, wholesale and retail trade; national energy shortage.

1974 - Tourist industry dislocation; declining economic growth; record high declining economic growth; record high inflation; gradually rising employment; growing regional markets; population gains.

1975 - Leveling off of business expansion; slowing of construction activity; high unemployment; nationwide recession; stagnation of economic growth; record stagnation of economic growth; record grain crop, decline in farming employment.

1976 - End of recession; record high unemployment; lag in unemployment and employment response to business recovery; tourist industry recovery.

1977 - Record income levels; dropping unemployment; high national housing demand and lumber and wood products employment; growth in fabricated metals, electronics, transportation equipment, machinery.

1978 - Strong economic performance; employment gains in construction and durable goods; near-capacity production in lumber and wood products; high housing demand; non-residential construction increase; paper industry strike.

1979 - Tight money; rising interest rates; energy shortage; railcar shortage affecting lumber and agriculture; housing industry slowdown; rampant inflation; recessionary influences; new ship repair operations at Port of Portland; higher inflation than nationally; employment growth in transportation, communications, utilities; high tourism.

1980 - Nationwide recession, inflation above national average; rising unemployment; housing industry decline; slowing labor force growth; more service orientation of economy; extensive layoffs in lumber and wood products sector.

Uncertain factors may exist which could affect the state's economy and financial condition, such as social circumstances, the state of the national economy, availability of energy supply, and outward environmental conditions. These factors are largely outside the control of the State, and in some cases beyond the control of the nation.

The outlook for 1981 in Oregon is expected to improve slowly. While the lumber industry depression and high interest rates are expected to slow economic recovery, brighter futures are foreseen for foreign trade, agriculture and tourism in the state.

Economic Diversification

Oregon has been successful in the past decade in attracting new industries and encouraging expansion of high technology employment and commerce, in spite of intense competition from other states.

The trend in the past ten years has been toward less dependence on Oregon's primary industry, forest products.

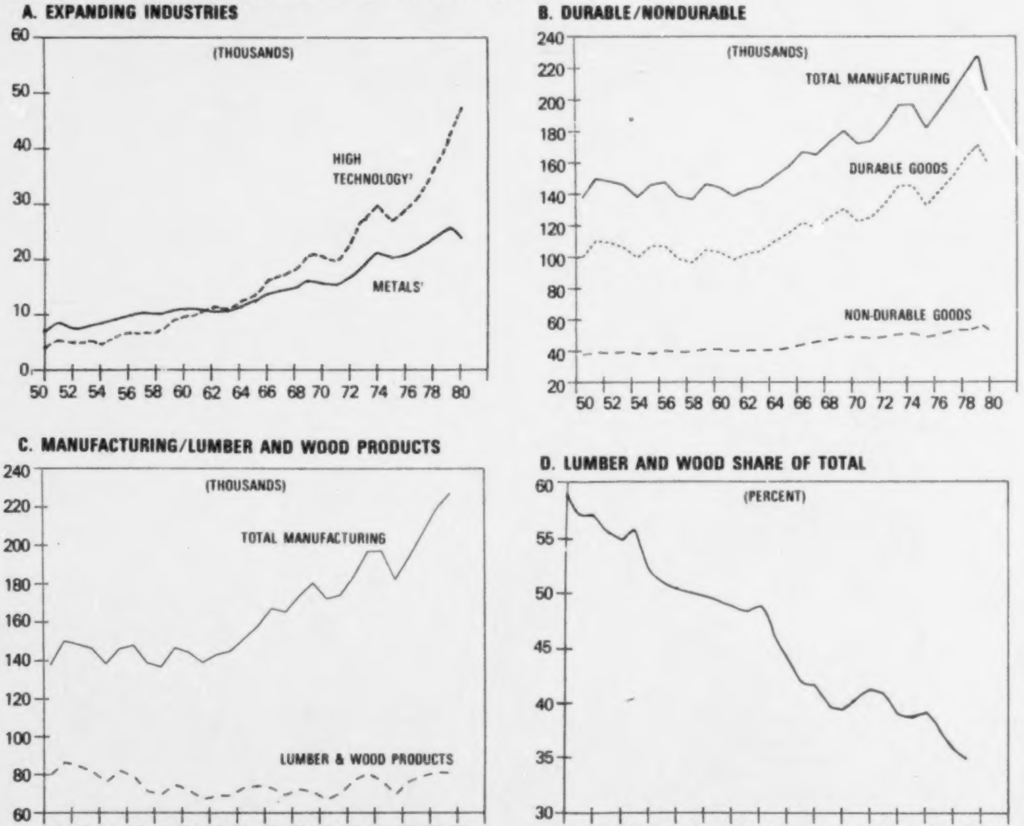
Lumber and wood products have declined in the proportion they hold of Oregon manufacturing employment from 38.8% in 1970 to 32.3% in 1980. This occurred during a period when Oregon's Gross State Product grew at an average real rate of 5.41% compared with a Gross National Product average real growth rate of only 3.35%. In the same period paper and allied products dropped from 5.5% to 4.9% of manufacturing employment.

The decade brought the largest employment gains in the area in high technology, from 12.2% to 21.8% of total employment. This category, which included machinery, electrical equipment and supplies and instruments and related products, can be expected to continue rapid expansion, based on national trends and forecasts.

Metals, both primary and fabricated, have also shown a substantial increase in the proportion of Oregon employment represented. Food products manufacturing employment has declined slightly in significance.

Exhibit 2 shows graphically the growth of metals and high technology employment, the relatively lesser importance of lumber and wood products employment to the Oregon economy and trends in distribution of durable and nondurable goods since 1950.

EXHIBIT 2 — MANUFACTURING EMPLOYMENT TRENDS, 1950-1980



A. EXPANDING INDUSTRIES

B. DURABLE/NONDURABLE

C. MANUFACTURING/LUMBER AND WOOD PRODUCTS

D. LUMBER AND WOOD SHARE OF TOTAL

1 - Metals: SIC codes Primary and Fabricated Metals

2 - High Technology: SIC codes Machinery; Electrical Equipment and Supplies; Instruments and Related Products

Data Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

Value Added in Manufacturing

The Oregon Department of Energy, using historical growth patterns, forecasts labor productivity and value added in manufacturing through the year 2000 as part of its econometric model for determining the energy outlook for the state.

Using SIC codes, total manufacturing value added is expected to grow at an overall rate of 3.9% annually, only slightly lower than the historical rate of 4.1%. Exhibit 3 presents a comparison of the relative contributions of the various industries, historically and projected over the forecast period.

EMPLOYMENT AND UNEMPLOYMENT

Nonagricultural Employment Trends

Total nonagricultural wage and salary employment in Oregon rose from 774,300 in 1972 to 1,041,100 in 1980, an increase of 34.5%. By major industry sector, nonmanufacturing increased more rapidly than manufacturing during this period. Nonmanufacturing employment increased 40.1% while manufacturing employment increased by 16.4%.

The discussion of employment trends by sector is based on data compiled by Standard Industrial Classification (SIC) codes.

Exhibit 4 presents Oregon nonagricultural wage and salary employment since 1972. Exhibit 5 compares Oregon and U.S. nonagricultural employment in 1980.

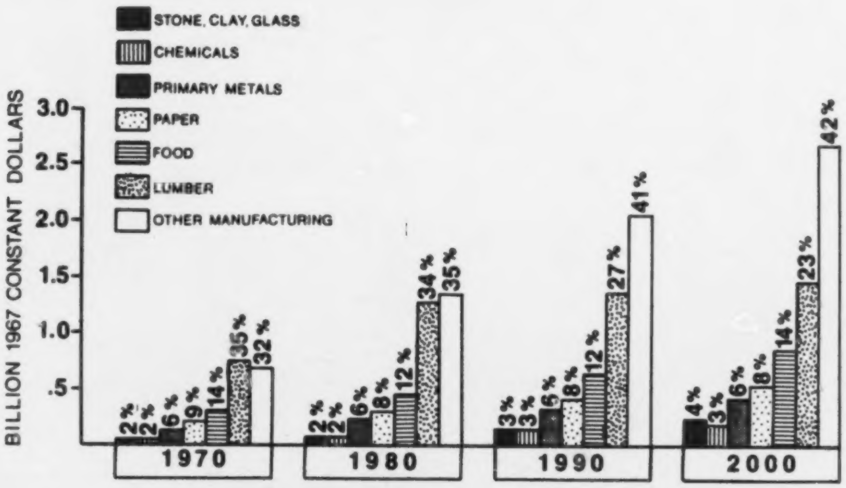
Manufacturing Employment Trends

The major trend which appeared in manufacturing employment in Oregon from 1972 to 1980 was the increasing diversification of the economy and decreasing dependence on lumber and wood products as the primary industry. Since 1950, lumber and wood manufacturing employment's share of total manufacturing employment has dropped from about 58% to about 32%.

The manufacturing of durable goods has consistently comprised a larger segment of manufacturing employment than nondurable goods. In the period from 1972 to 1980, manufacturing employment of durable goods has increased at an average annual rate of 2.3% compared with an average annual rate of 1.4% for nondurable goods. Recessionary influences resulted in negative growth in manufacturing employment in 1980.

EXHIBIT 3

REAL MANUFACTURING VALUE ADDED IN OREGON: ACTUAL AND PROJECTED



Source: State of Oregon, Department of Energy, Fifth Annual Report, January, 1981

EXHIBIT 4

OREGON NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT[1]

Calendar Year Averages
1972 Standard Industrial Classification
(Numbers in Thousands)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	Average January-March 1981
Total All Industries	774.3	816.2	837.9	837.4	878.5	936.9	1,005.1	1051.0	1041.1	1003.6[2]
Manufacturing	184.0	196.9	196.8	182.1	193.7	206.1	218.1	227.3	214.2	200.4[2]
Durable Goods	134.2	145.6	145.2	132.8	142.4	152.1	164.8	170.8	159.0	149.6[2]
Lumber & Wood Products	77.3	80.9	76.7	69.6	76.4	79.4	81.4	80.8	69.2	64.5
Logging & Sawmills	39.2	41.9	41.0	36.6	39.7	40.8	41.4	41.9	36.3	32.4
Veneer & Plywood	25.8	25.9	23.8	21.8	23.7	24.3	24.7	24.0	20.5	19.6
Millwork & Structural Wood	6.1	6.3	5.5	5.6	6.7	7.3	7.9	7.7	6.6	7.5
Mobile Homes	1.7	1.8	1.7	1.8	2.1	2.6	2.9	3.0	2.1	1.7
Other Wood Products	4.5	5.0	4.7	3.8	4.2	4.4	4.5	4.2	3.7	3.3
Furniture & Fixtures	3.6	3.8	3.1	3.0	2.9	3.1	3.1	2.9	2.6	2.6
Stone, Clay, & Glass Products	3.5	3.6	3.6	3.3	3.6	3.8	4.2	4.3	4.4	4.3
Primary Metals	7.7	8.9	10.1	9.5	9.3	9.7	10.4	11.0	11.0	10.9
Blast Furnaces, Iron & Steel Found	4.5	5.1	5.6	5.2	4.9	5.2	5.6	6.3	6.4	6.4
Nonferrous Metals	3.2	3.8	4.5	4.3	4.4	4.5	4.8	4.7	4.6	4.5
Fabricated Metals	8.6	9.5	10.2	9.7	10.3	11.7	12.9	13.5	12.6	11.8[2]
Structural Metals	4.2	4.5	4.4	4.2	4.4	5.0	5.7	5.7	5.0	4.7
Other Fabricated Metals	4.4	5.0	5.8	5.5	5.9	6.7	7.2	7.8	7.6	7.1[2]
Machinery	10.1	12.0	12.6	11.6	11.7	13.5	15.4	17.3	17.8	17.4
Electrical Equipment & Supplies	3.1	3.6	3.9	3.6	3.9	4.6	6.0	8.5	9.6	9.6
Transportation Equipment	8.1	9.1	9.4	8.4	9.5	9.9	12.1	12.2	10.3	9.8
Instruments & Related Products	9.8	11.8	13.3	12.1	12.6	14.2	17.3	18.1	19.3	18.9
Miscellaneous Manufacturing	2.4	2.4	2.3	2.0	2.2	2.2	2.0	2.2	2.2	2.2
Nondurable Goods	49.8	51.3	51.6	49.3	51.3	54.0	53.3	56.5	55.2	50.8
Food & Kindred Products	23.4	23.4	23.3	22.4	22.9	24.1	24.0	25.1	23.9	20.4
Canning & Preserving	11.7	12.4	12.6	11.9	12.3	13.4	13.6	14.9	13.7	10.4
Other Food Products	11.7	11.0	10.7	10.5	10.6	10.7	10.4	10.2	10.2	10.0
Textile Mill Products	2.5	2.4	2.4	2.1	2.2	2.1	2.2	2.1	2.0	1.8
Apparel	3.1	3.4	3.5	3.2	3.5	3.4	3.3	3.6	3.3	3.0
Paper & Allied Products	9.6	9.8	10.1	9.6	9.8	10.4	8.7	9.7	10.4	10.2
Printing & Publishing	7.2	7.7	7.9	7.7	8.2	8.8	9.4	10.0	9.9	9.8
Chemicals & Allied Products	2.0	2.1	2.1	2.1	2.2	2.3	2.4	2.4	2.3	2.2
Petroleum Refining	0.5	0.5	0.5	0.5	0.5	0.5	0.6	.7	.7	.7
Rubber & Plastic Products	1.3	1.8	1.6	1.5	1.8	2.1	2.4	2.6	2.4	2.4
Leather Products	0.2	0.2	0.2	0.2	0.2	0.3	0.3	.3	.3	.3

Continued

Continued

OREGON NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT[1]

	1972	1973	1974	1975	1976	1977	1978	1979	1980	Average January-March 1981
Nonmanufacturing	590.3	619.3	641.1	655.3	684.8	730.8	787.0	823.7	826.9	803.2[2]
Mining & Quarrying	1.7	1.9	1.8	1.7	1.5	1.8	2.0	2.3	2.3	2.0
Contract Construction	36.8	39.0	39.0	35.3	36.6	42.6	49.4	53.0	45.7	36.7
Transportation, Comm., & Utilities	50.3	52.3	52.5	50.2	51.2	53.7	56.8	59.7	60.1	59.1
Transportation	31.2	32.9	32.7	30.8	31.6	32.9	34.5	35.8	35.0	34.2
Railroad	8.9	8.6	8.4	7.5	7.4	7.3	7.5	7.6	7.4	7.3
Trucking & Warehousing	15.0	16.1	16.0	14.9	15.6	16.6	17.4	18.0	17.2	16.6
Other Transportation	7.3	8.2	8.3	8.4	8.6	9.0	9.6	10.2	10.4	10.3
Communications	12.2	12.6	12.8	12.5	12.5	13.3	14.5	15.7	16.2	15.8
Utilities	6.9	6.8	7.0	6.9	7.1	7.5	7.8	8.2	8.8	9.1
Trade	177.6	187.9	194.2	199.4	210.9	225.7	244.7	256.5	255.8	247.1
Wholesale Trade	48.6	51.6	53.5	53.1	55.0	58.5	63.2	66.7	67.5	66.6
Durable Goods	29.6	31.8	33.0	32.3	33.8	36.2	40.0	42.7	42.2	41.0
Nondurable Goods	19.0	19.8	20.5	20.8	21.2	22.3	23.2	24.0	25.3	25.6
Retail Trade	129.0	136.3	140.7	146.3	155.9	167.2	181.5	189.8	188.3	541.6
General Merchandise	22.4	22.9	24.1	24.3	25.6	26.2	27.3	27.9	27.8	26.6
Food Stores	16.8	17.6	18.6	19.4	20.1	21.3	22.0	23.7	24.5	24.5
Auto Dealers & Service Stations	22.7	23.1	21.4	22.4	23.6	24.7	26.7	25.7	24.0	22.9
Other Retail Trade	67.1	72.7	76.6	80.2	86.6	95.0	105.5	112.5	112.0	106.6
Finance, Insurance & Real Estate	43.2	47.2	48.0	48.9	51.9	57.6	63.8	69.0	69.4	67.2
Banking & Credit Agencies	16.3	17.7	18.5	18.6	19.2	20.5	22.3	24.2	24.8	25.1
Other Finance, Ins. & Real Estate	26.9	29.5	29.5	30.3	32.7	37.1	41.5	44.8	44.6	42.1
Services	123.2	130.7	137.1	142.7	151.1	162.6	173.7	183.9	191.3	188.9
Hotels & Personal Services	18.9	19.4	20.1	20.4	21.1	22.1	23.4	24.7	24.6	23.7
Health Services	39.2	41.2	44.1	46.7	49.8	53.6	56.6	59.3	61.9	63.3
Other Services	65.1	70.1	72.9	75.6	80.2	86.9	93.7	99.9	104.8	101.9
Government	157.5	160.3	168.5	177.1	181.6	186.8	196.8	199.3	202.4	202.1
Federal	26.0	25.9	26.6	26.9	27.4	27.7	28.0	29.3	30.4	27.5
State	43.4	44.8	46.8	49.9	51.0	52.1	53.9	54.0	55.6	55.4
Education	21.1	21.4	22.1	22.9	23.3	22.6	23.0	23.0	23.1	24.0
Other State	22.3	23.4	24.7	27.0	27.7	29.5	30.9	31.0	32.5	31.3
Local	88.1	89.6	95.1	100.3	103.2	107.0	114.7	116.0	116.4	119.2
Education	56.2	57.4	60.3	62.9	64.8	66.1	68.2	69.9	70.8	74.6
Other Local	31.9	32.2	34.8	37.4	38.4	40.9	46.5	46.1	45.6	44.6

1 - Includes full and part-time nonfarm wage and salary workers. Job totals are on a place of work basis and are not adjusted for multiple job holders. Data are thus not directly comparable to total employment data given elsewhere in this publication.

2 - Excludes 100 or more workers involved in labor-management disputes.

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

EXHIBIT 5

COMPARATIVE NONAGRICULTURAL EMPLOYMENT, 1980

	Oregon		U.S.	
Employer Sector	Employment (In thousands)	Percent of Total Employment	Employment (In thousands)	Percent of Total Employment
Manufacturing				
Durable	159.0	15.3%	12,218	13.5%
Non-Durable	55.2	5.3	8,147	9.0
Subtotal	214.2	20.6	20,365	22.5
Contract Construction	45.7	4.4	4,468	4.9
Transportation, Communication & Public Utilities	60.1	5.8	5,155	5.7
Wholesale & Retail Trade	255.8	24.6	20,571	22.7
Finance, Insurance & Real Estate	69.4	6.7	5,162	5.7
Selected Services & Mining	193.6	18.6	18,761	20.7
Government				
Federal	30.4	2.9	2,867	3.2
State & Local	172.0	16.5	13,304	14.7
Subtotal	202.4	19.4	16,171	17.8
TOTAL	1041.1	100.1%[1]	90,652	100.1%[1]

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[1] Does not total 100.0% due to rounding.

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

The area of manufacturing employment which has shown the greatest increase has been high technology industries including machinery, electrical equipment, instruments, and electronics. Since 1954 when the industry entered Oregon, growth has been fairly steady. Increasing from 12.2% of total manufacturing employment in 1970, the industry comprised 21.8% of that sector in 1980.

Another area of employment growth has been in primary and fabricated metals, in which the manufacturing employment share increased from 9.0% in 1970 to 11.0% in 1980.

Exhibit 6 lists manufacturing employers with eight hundred or more employes. About one-third of the firms are in the forest industry.

DURABLE GOODS

Lumber and Wood Products

Forest products, still Oregon's major manufacturing industry, is affected by limited timber supply and economic conditions affecting the demand for housing nationwide.

Employment in lumber and wood products between 1972 and 1980 showed short-term cyclical fluctuations due primarily to national economic trends rather than the availability of timber. Cyclical trends tend to deemphasize longer term decline that is expected to occur through 2005. The nonagricultural wage and salary employment for lumber and wood products was 77,300 and in 1972, peaked at 33,800 in June, 1979 and dropped to an average of 69,200 in 1980.

Between 1972 and 1980 this industry employed between 42% and 31% of all nonagricultural and salary employes engaged in manufacturing in a general downward trend. State estimates show that 49% of Oregon is forested and that total manufacturing from all forest products in 1978 was over $2.0 billion. The state has over 24.2 million acres of commercial forest land and has ranked first in sales of all forest products since 1938.

EXHIBIT 6
STATE OF OREGON
MANUFACTURING EMPLOYERS WITH 800 OR MORE EMPLOYES

Firm Name	Product(s)	Number of Employes
Tektronix, Inc.	Electronic instruments	16,032
Weyerhaeuser Co. Inc.	Lumber and wood products	6,750
Roseburg Lumber Co.	Lumber and wood products	5,090
Boise Cascade Corp.	Lumber, wood and paper products	4,366
Crown-Zellerbach Corp.	Wood and paper products	4,240
Georgia Pacific Corp.	Lumber, wood and paper products	4,119
Intel Corp.	Semiconductor integrated circuits	3,000
Bohemia, Inc.	Forest products	2,610
Freightliner Corp.	Transportation equipment	2,500
Champion Building Products	Lumber and wood products	2,481
Medford Corp.	Lumber and wood products	2,065
FMC Corp.	Transportation equipment	1,800
Hewlett Packard Corp.	Electronic instruments	1,800
ESCO Corp.	Cast construction equipment	1,600
Boeing of Portland	Transportation equipment	1,600
Willamette Industries	Lumber and wood products	1,580
Jantzen, Inc.	Textile products	1,525
Teledyne Wah Chang Albany	Zirconium castings	1,500
Precision Castparts Corp.	Primary metal products	1,500
Hyster Co., Inc.	Industrial lift trucks	1,500
White Stag Manufacturing Co., Inc.	Sportswear apparel	1,500
Ore-Ida Foods	Food products	1,200
Omark Industries, Inc.	Fabricated metal products	1,156
Lamb-Weston	Frozen foods	995
Oregonian Publishing Co.	Printing and publishing	950
Bingham-Willamette Co.	Machinery	950
Hines Lumber Co.	Lumber and wood products	925
Evans Products Co.	Building supplies and railcars	900
Louisiana Pacific Corp.	Lumber and wood products	900
Reynolds Metals	Aluminum ingots	886
International Paper Co.	Paper products	867
Brooks-Scanlon, Inc.	Lumber and wood products	853
Bumble Bee Seafoods	Food products	800
Willamette Iron and Steel	Marine repair	800

Note: Some of the above firms operate from two or more locations throughout the state.
Source: State Department of Economic Development, Directory of Oregon Manufacturers, as of January, 1980.

Primary and Fabricated Metals

Employment in primary and fabricated metals has increased from 16,300 in 1972 to 23,600 in 1980, an increase of 44.8%. Growth in this industry is related to increasing domestic and foreign needs for metal and metal products. Metals industry production requires substantial amounts of energy and therefore may be affected in the future by energy supply.

High Technology

High technology is the fastest growing industry group in the manufacturing sector. Employment in electrical equipment and supplies increased from 3,100 in 1972 to 9,600 in 1980, an increase of 209.7%. Instruments and related products employment increased by 96.9% from 9,800 in 1972 to 19,300 in 1980, and employment in machinery manufacturing increased from 10,100 to 17,800, an increase of 76.2% in the same time period. Oregon's largest employer is in this industry, primarily manufacturing electrical measuring instruments and test equipment. This industry can be expected to continue growth, based on national trends. The Oregon environment is well-suited to this type of work, which is facilitated by a dust-free atmosphere.

Transportation Equipment

About one-fourth of the employes involved in manufacturing transportation equipment in Oregon are working for mobile home and travel trailer companies. Other significant areas of employment are builders of truck and bus bodies, railroad cars and aircraft parts. Employment rose by 27.2% from 1972 to 1980. Energy supply and demand are expected to affect this industry as use of mass transit increases and travel trailers become less practical. Employment in the manufacturing of bus and truck chassis and railroad cars may rise as employment in travel trailers decreases.

NONDURABLE GOODS

Food and Kindred Products

Food and kindred products employment increased from 23,400 in 1972 to 23,900 in 1980, an increase of 2.1%. Food products declined as a proportion of total manufacturing employment from about 12.7% in 1972 to 11.2% in 1980.

Although few job openings are expected on an annual average basis, significant numbers of short-term openings (i.e., less than three months) are available during the year because of the seasonal increase in employment brought about by agricultural harvesting activities.

Paper and Allied Products

During 1972 Oregon employed 9,600 wage and salary workers in the paper and allied products industry. During 1980 employment had increased by 9.4% to 10,500. The proportion this industry represents of total manufacturing employment declined from about 5.2% to 4.9% in that time period.

Favored by growing domestic markets, the long-term outlook for the paper industry nationally is promising. The firms in Oregon producing paper products have demonstrated less sensitivity to cyclical economic trends than the lumber and plywood companies. Demand for paper and paper products remain strong on both the national and international markets.

Printing and Publishing

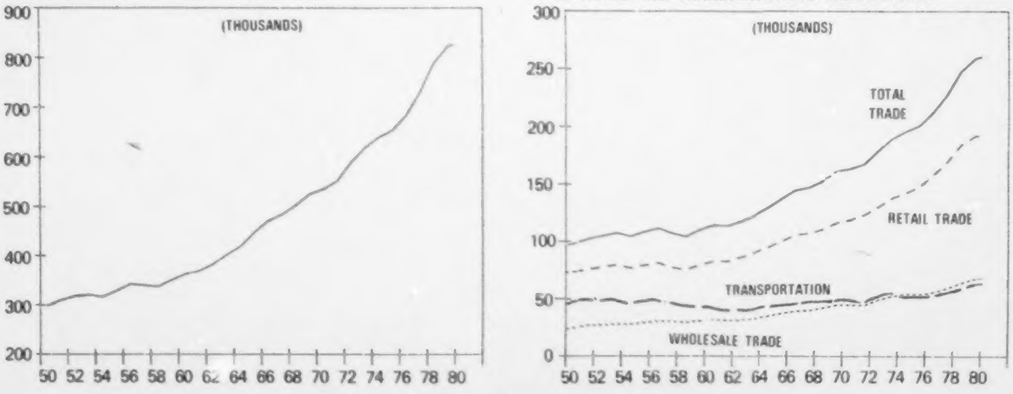
Employment needs in the publishing and printing industry group increased between 1972 and 1980 from 7,200 to 9,900, a gain of 37.5%.

Nonmanufacturing Employment Trends

Nonmanufacturing contains a wide variety of nongoods producing industries which accounted for 76.2% of nonagricultural wage and salary employment in Oregon in 1972, and rose to 79.4% in 1980, increasing from 590,300 in 1972 to 826,900 in 1980. The most important nonmanufacturing employment areas are construction; transportation, communication and utilities; wholesale and retail trade; finance; services; and government.

Exhibit 7 shows graphically the growth of nonmanufacturing and trade and transportation employment since 1950.

EXHIBIT 7
NONMANUFACTURING EMPLOYMENT TRENDS, 1950-1980



A. NONMANUFACTURING EMPLOYMENT

B. TRADE AND TRANSPORTATION EMPLOYMENT

1 - Transportation: SIC code, Transportation, Communications and Utilities.

Data Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

Contract Construction

Long-range employment requirements in contract construction are difficult to project because of the types of variables which affect construction activity. For example, the national economy, strike activity and housing demand affect construction activity.

From 1972 to 1980 employment in this sector grew from 36,800 to 45,700, an increase of 24.2%. Contract construction in 1980 represented 5.5% of total nonmanufacturing employment in the nonagricultural sector.

Transportation, Communications and Public Utilities

Employment in the transportation, communication and public utilities group rose from 50,300 to 60,100 in the period from 1972 to 1980, an increase of 19.5%. This group in 1980 comprised 7.3% of nonmanufacturing employment.

Wholesale and Retail Trade

The trade industries grew by 45.0% between 1972 and 1980. Employment requirements rose to 255,800 in 1980, up from 177,600 in 1972. During this period, employment in retail trade rose at a higher growth rate than wholesale trade (46.0% to 38.9%). Trade represents 30.9% of nonmanufacturing employment.

Finance, Insurance and Real Estate

Employment in this area increased by 60.6% from 1972 to 1980, from 43,200 to 69,400. This is the highest growth rate in nonmanufacturing employment.

Services

Service employment grew from 123,200 in 1972 to 191,300 in 1980, growing 55.3%. This area comprises 23.1% of nonmanufacturing employment.

Growth in employment in this industry group has resulted primarily from increases in population, disposable income and a growing demand for personal, business, medical and protective services.

Government

Most government employment in the state is with state and local governments. The Federal government employed 30,400 persons in 1980, up by 16.9% from 26,000 in 1972.

In 1980 state and local government employment was 172,000 compared with 131,500 in 1972, an increase of 30.8%.

The overall growth rate in government employment, 28.5%, was among the lowest of any area of nonmanufacturing employment in the nonagricultural sector. Government employment represented 24.5% of nonmanufacturing employment in 1980.

EXHIBIT 8

COMPARATIVE INDEXED NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

	Oregon Data (In thousands)		National Data (In thousands)	
Year	Annual Average	Index[1]	Annual Average	Index[1]
1972	774.2	100.0	73,675	100.0
1973	816.2	105.4	76,790	104.2
1974	837.9	108.2	78,280	106.3
1975	837.4	108.1	76,955	104.5
1976	878.5	113.5	79,377	107.7
1977	936.9	121.0	82,409	111.9
1978	1,009.4	130.4	86,431	117.3
1979	1,051.0	135.8	89,729	121.8
1980	1,041.1	134.5	90,668	123.1

1 - The index measures the relative change between one interval of time and some other interval of time selected as the base period. The index number is expressed in terms of a 1972 annual average = 100 base. Most often an economic index for the current period (month, quarter or year) is computed by dividing the current level by the annual average for the 1972 base period.

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

EXHIBIT 9

COMPARATIVE MANUFACTURING EMPLOYMENT, 1980

Manufacturing by Industry	Oregon		U.S.	
	Employment (In thousands)	Percent of Total Manufacturing	Employment (In thousands)	Percent of Total Manufacturing
Lumber and Wood	69.2	32.3%	686.7	3.4%
Furniture and Fixtures	2.6	1.2	473.7	2.3
Stone, Clay and Glass	4.4	2.1	667.9	3.3
Primary Metals	11.0	5.1	1132.7	5.6
Fabricated Metals	12.6	5.9	1627.2	8.0
Machinery	17.8	8.3	2488.5	12.2
Electrical Equipment and Supplies	9.6	4.5	2126.9	10.4
Transportation Equipment	10.3	4.8	1892.2	9.3
Instruments	19.3	9.0	700.1	3.4
Miscellaneous Manufacturing	2.2	1.0	490.7	2.4
Food	23.9	11.2	1689.0	8.3
Textiles	2.0	0.9	864.0	4.2
Apparel	3.3	1.5	1297.7	6.4
Paper	10.4	4.9	694.3	3.4
Printing and Publishing	9.9	4.6	1272.1	6.2
Chemicals	2.3	1.1	1112.9	5.5
Petroleum Refining	0.7	.3	197.3	1.0
Rubber	2.4	1.1	711.0	3.5
Leather	0.3	0.1	240.0	1.2
	214.2	99.9%[1]	20,364.9	100.0%

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1 - Does not total 100.0% due to rounding.

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

EXHIBIT 10

COMPARATIVE UNEMPLOYMENT AND UNEMPLOYMENT RATES

(Annual Averages, In Thousands)

Year	Civilian Labor Force		Unemployed		Unemployed Rate		Oregon Rate as % of U.S. Rate
	OR	U.S.	OR	U.S.	OR	U.S.	
1970	865	82,715	62	4,088	7.1%	4.9%	144.9%
1971	903	84,413	68	4,993	7.6	5.9	128.8
1972	959	86,542	66	4,840	6.8	5.6	121.4
1973	1001	88,714	62	4,304	6.2	4.9	126.5
1974	1015	91,011	76	5,076	7.5	5.6	133.9
1975	1039	92,613	110	7,830	10.6	8.5	124.7
1976	1068	94,773	102	7,288	9.6	7.7	124.7
1977	1130	97,401	83	6,855	7.3	7.0	104.3
1978	1196	100,420	72	6,047	6.0	6.0	100.0
1979	1217	102,908	83	5,963	6.8	5.8	117.2
1980	1271	104,719	105	7,449	8.2	7.1	115.5
May, 1981	1318	106,347	120	7,545	9.1	7.1	128.2

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics.

The 1979 Legislative Assembly enacted a law limiting state government employment to not more than 1.6% of the state's official population. Certain employe groups are exempt from this limitation.

Exhibits 8 through 11 summarize employment and unemployment data as compared to the United States for 1970 through 1980.

EXHIBIT 11

COMPARATIVE MONTHLY AVERAGE UNEMPLOYMENT 1980-81 (seasonally adjusted)

1980	OR	U.S.	OR Rate as a % of U.S. Rate
March 1980	7.2	6.3	114.3
April	8.2	6.9	118.8
May	8.9	7.6	117.1
June	9.1	7.5	121.3
July	9.1	7.6	119.7
August	9.0	7.6	118.4
September	8.7	7.4	117.6
October	8.6	7.6	113.2
November	8.4	7.5	112.0
December	8.3	7.4	112.2
January, 1981	8.4	7.4	113.5
February	9.4	7.3	128.8
March	9.2	7.3	126.0
April	9.2	7.3	126.0
May	9.2	7.6	121.1

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

Projections for Broad Occupational Groups

Total wage and salary employment growth is expected to create approximately 268,343 new jobs between 1979 and 1987. This represents a continuation of the overall economic expansion Oregon experienced during the previous decade.

Overall total wage and salary employment should increase 25.0% between 1979 and 1987. This will differ in the major occupational group levels. The fastest growing group for the same time interval is expected to be service occupations, increasing 37.3%, while the slowest is expected to be farm workers, increasing 7.4%. In 1987 white collar wage and salary workers should total approximately 668,140 and will account for about 50% of total wage and salary employment. Blue collar workers are expected to increase from about 373,443 in 1979 to 442,612 in 1987. At that time, blue collar workers are expected to represent about 33% of total wage and salary employment, down from about 35% in 1978. Service occupations comprise the third largest occupational group in Oregon. Employment in this group is expected to expand from 167,278 in 1979 to an estimated 229,657 in 1987 and will account for roughly 17.1% of all wage and salary employment.

Exhibit 12 summarizes occupational employment trends through 1987.

EXHIBIT 12

STATE OF OREGON OCCUPATIONAL EMPLOYMENT TRENDS, 1979-87

Occupational Title	Annual Averages 1979 Empl.	1979 Pct.	Projected 1987 Empl.	Projected 1987 Pct.	Change 1979-1987	Change Pct. Change
Professional & Technical	154,409	14.4%	190,894	14.3%	36,485	23.6%
Managers & Officers	89,105	8.3	112,383	8.4	23,278	26.1
Sales	77,530	7.2	99,957	7.5	22,427	28.9
Clerical	210,301	19.6	264,906	19.8	54,605	26.0
Craftworkers & Supervisors	129,467	12.1	154,565	11.5	25,098	19.4
Operatives	158,184	14.8	190,833	14.2	32,649	20.6
Services	167,278	15.6	229,657	17.1	62,379	37.3
Laborers, Excluding Farm	76,892	7.2	87,655	6.5	10,763	14.0
Farm Workers	8,900	0.8	9,559	0.7	659	7.4
TOTAL	1,072,066	100.0%	1,340,409	100.0%	268,343	25.0%

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics

Population

Oregon's July 1, 1980 population was determined to be 2,646,200 by Portland State University's Center for Population Research and Census, the state's official bureau for population data. Since 1960, the state's population has increased by approximately 50%. In 1976, the Center projected a population ranging from 3,019,900 to 3,761,800 by the year 2000, an increase of about 14% to 42% for the next twenty years.

Based on percent change (25.9% from April 1, 1970 to April 1, 1980), Oregon ranks eleventh among the states in rate of population growth. Since 1978 Oregon's growth rate has shown increases of above three times the national average. The average annual growth rate in Oregon was 2.38% for the period from 1970 to 1980, compared with a national average of 1.06%.

There are four major urban population areas in Oregon. The City of Portland located in Multnomah County, is the state's largest city and had a population of 367,000 as of July 1, 1980. The Oregon portion of the Portland Statistical Metropolitan Area, which is comprised of Clackamas, Multnomah and Washington counties in Oregon and Clark County in the State of Washington, had a population of 1,054,200 at that date.

The second largest urban center is the Eugene metropolitan area located in Lane County in the upper Willamette Valley, site of the University of Oregon. Eugene had a population of 106,300 as of July 1, 1980, and the Eugene-Springfield SMSA had a population of 276,700 at that date. Salem is the third largest city and had a population of 89,300 on July 1, 1980. Salem is situated in the heart of the Willamette Valley and serves as the state capital. In addition, Medford, in Jackson County, was designated a new SMSA as a result of the 1980 Census.

Exhibit 13 presents comparative population information for Oregon and the United States since 1940.

Exhibit 14 shows graphically the historical and projected population and employment in Oregon from 1960 to 2000, from the Oregon Department of Energy Forecast.

EXHIBIT 13

COMPARATIVE POPULATION GROWTH

A. OREGON AND UNITED STATES, 1940-1980
(as of July 1)

Year	Oregon	Increase Over Previous Period	United States	Increase Over Previous Period
1940	1,090,000	–	132,165,000	–
1950	1,521,000	39.54%	151,326,000	14.50%
1960	1,769,000	16.31	179,323,000	18.50
1970	2,091,500	18.23	203,810,000	13.66
1971	2,143,000	2.462	206,219,000	1.182
1972	2,183,300	1.881	208,234,000	.977
1973	2,224,900	1.905	209,859,000	.780
1974	2,266,000	1.847	211,389,000	.729
1975	2,299,000	1.456	213,051,000	.786
1976	2,341,800	1.862	214,680,000	.765
1977	2,396,100	2.319	216,400,000	.801
1978	2,472,000	3.168	218,228,000	.845
1979	2,544,000	2.913	220,099,000	.857
1980	2,646,200	4.017	226,504,825	2.910

Sources: 1940-1960 – State of Oregon, Department of Human Resources, Employment Division, Research and Statistics
1970-1980 – Center for Population Research, Portland State University

Personal Income

Per capita personal income as a percentage of the national average has risen steadily in the last decade from 94.5% in 1970 to 101.5% in 1979. The average increase in real per capita income in Oregon for 1970 through 1978 was 2.89% compared with 2.29% for the United States. Total personal income has also increased at a faster rate in Oregon than in the United States or in other Pacific Northwest states.

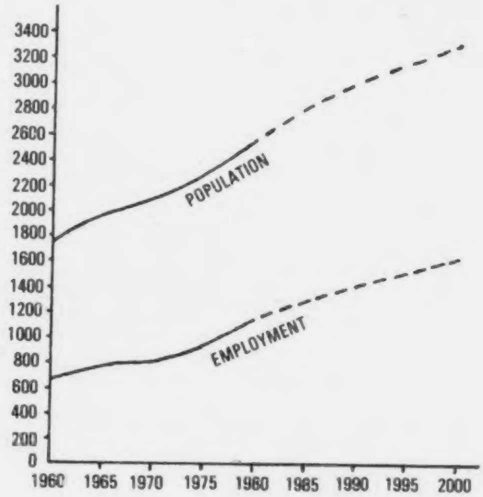
The Oregon Department of Energy forecasts an average annual real rate of growth of total personal income ranging from 2.8% to 3.8% through the year 2000, and a real per capita average annual rate of increase of about 1.75%. These personal income rates will be slightly lower than in the previous three decades.

Exhibit 15 shows total and per capita personal income since 1969 for Oregon, the United States and Oregon's three major Standard Metropolitan Statistical Areas, Portland, Eugene and Salem.

Exhibit 16 shows total per capita personal income growth, rates of change, and comparisons to the United States for the period from 1960 to 1980.

EXHIBIT 14

OREGON
HISTORICAL AND PROJECTED
POPULATION AND EMPLOYMENT
(1000 Persons)



Data Source: State of Oregon, Department of Energy, Fourth Annual Report, January 1, 1980.

EXHIBIT 15

PERSONAL AND PER CAPITA INCOME
(Current Dollars)

	Personal (Billions)		Per Capita					
	Oregon	U.S.	Portland SMSA	Eugene SMSA	Salem SMSA	Oregon	U.S.	Oregon as % of U.S.
1969			$3,950	$3,087	$3,195	$3,477	$3,667	94.8%
1970	$7.722	$793.5	4,167	3,251	3,398	3,677	3,893	94.5
1971	8.430	852.0	4,463	3,521	3,654	3,944	4,132	95.5
1972	9.467	935.5	4,860	3,880	3,995	4,338	4,493	96.6
1973	10.689	1,045.3	5,363	4,349	4,615	4,815	4,981	96.7
1974	11.977	1,147.3	5,945	4,675	4,996	5,312	5,428	97.8
1975	13.166	1,248.6	6,458	5,049	5,449	5,764	5,861	98.3
1976	14.930	1,374.2	7,121	5,819	5,979	6,419	6,401	100.3
1977	17.110	1,522.1	8,056	6,720	6,909	7,176	7,035	102.0
1978	19.808	1,712.1	9,093	7,482	7,653	8,078	7,846	103.0
1979	22.460	1,927.0	10.067	8,116	8,461	8,887	8,757	101.5
1980	24.613	2,133.8	–	–	–	9,400	9,458	99.4

Sources: U.S. Department of Commerce, Bureau of Economic Analysis

EXHIBIT 16

COMPARATIVE
PERSONAL INCOME
1960-1980

	A. TOTAL PERSONAL INCOME (Billions)			B. PER CAPITA INCOME (Dollars)		
Year	U.S.	OREGON	Oregon as Percent of U.S.	U.S.	OREGON	Oregon as Percent of U.S.
1960	$396.1	$ 3.9		$2201	$2194	
1970	793.5	7.7		3893	3677	
1975	1,248.6	13.2		5861	5764	
1980	2,133.8	24.6		9458	9400	
% Change						
1960-70	100.3%	97.4%	97.1%	76.9%	67.6%	87.9%
1970-75	57.4	71.4	124.4	50.6	56.8	112.3
1975-80	70.9	86.9	122.6	61.4	63.1	102.8

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Consumer Price Index

The Consumer Price Index (CPI) reflects a faster inflation rate in the last decade for the Portland area than for the United States. From 1970 through 1977, prices rose at a rate from 95% to 99% of United States prices. However, in the last three years prices have risen at a higher rate, from 101% to almost 104% of the United States.

Exhibit 17 shows the change in the CPI over the last ten years for Portland SMSA and the United States annual averages.

Housing

The housing industry is largely reflective of cyclical trends in the national economy. Therefore, housing starts were slow during the recession of 1973-1975. Construction activity recovered during 1976-1978, peaking at a record high number of starts in 1977. Since 1979, housing starts have diminished. Figures for 1980 indicate that year may have been low point for housing starts in the business cycle.

Exhibit 18 shows building permits for single and multi-family dwellings since 1972.

EXHIBIT 17

CONSUMER PRICE INDEX[1] FOR OREGON AND U.S.

Annual Averages

	Portland SMSA	United States	Portland CPI as percent of U.S. CPI
1970	113.2	116.3	97.3%
1971	116.1	121.3	95.7
1972	119.5	125.3	95.4
1973	127.3	133.1	95.6
1974	142.8	147.7	96.7
1975	156.5	161.2	97.1
1976	167.0	170.5	97.9
1977	180.2	181.5	99.3
1978	198.4	195.4	101.5
1979	225.4	217.4	103.7
1980	255.4	246.8	103.5

1 - The Consumer Price Index is computed using 1967 = 100 as base year.

Source: U.S. Bureau of Labor Statistics

EXHIBIT 18

OREGON BUILDING PERMITS

Year	Single-Family Dwellings	Percent Change	Multi-Family Dwellings	Percent Change
1972	14,213		16,128	
1973	13,153	-7.5%	9,639	-40.2%
1974	10,732	-18.4	4,739	-50.8
1975	14,527	+35.4	5,617	+18.5
1976	20,505	+41.2	10,687	+90.3
1977	25,986	+26.7	13,506	+26.4
1978	25,316	-2.6	12,901	-4.5
1979	17,426	-31.2	10,162	-21.2
1980	13,525	-22.4	5,651	-44.4
1981 (as of 5/31)	4,251	NA	1,776	NA

Source: State of Oregon, Department of Commerce, Housing Division

Agriculture

Agriculture is usually considered to be Oregon's second leading industry with annual farm sales of over $1.5 billion in 1979. Production is well-diversified with over one hundred different farm commodities and is facilitated by Oregon's varied topography, soils and moderate climate.

Oregon agriculture continues to follow the national trend of increasing capital intensity. Agricultural employment is decreasing while constant dollar output is increasing.

Although every county in the state is involved in agricultural production, activity is concentrated in the fertile Willamette Valley. Industry growth is tied to the increasing use of irrigation and the excellence of Oregon fruit and row crops.

Crop production may be divided into five categories, of which grain and forage dominates. Livestock and dairy products lead all farm commodities in total dollar value of production. The value and percent distribution of farm receipts by commodity is presented in Exhibit 19 for 1977 through 1980.

The State's leading agricultural product is wheat, followed by hay and potatoes. The state ranked fifteenth, twenty-second and fourth in production of these products, respectively, among the states in 1979.

The food processing industry, which in 1980 accounted for about 10% of Oregon manufacturing employment, is directly supported by agricultural production in the state.

EXHIBIT 19

FARM CASH RECEIPTS BY COMMODITY

Commodity	Value (Millions of dollars)				1980 Percent of Total Value
	1977	1978	1979	1980[1]	
Livestock & Dairy	$356.7	$454.3	$588.3	$607.1	34.8%
Field Crops & Grain	261.7	365.9	404.3	590.0	33.9
Fruits, Nuts & Berries	102.1	125.3	143.3	137.9	7.9
Vegetables	133.7	93.4	92.6	102.4	5.9
Grass, Legumes & Miscellaneous	181.2	215.1	265.9	304.9	17.5
TOTAL	$1,035.4	$1,254.0	$1,494.4	$1,742.3	100.0%

1 - Preliminary data

Source: Oregon State University Extension Service

Energy

State Energy Policy

Historically, the Pacific Northwest energy picture has been dominated by availability of plentiful, low-cost hydro-electric energy. And although electricity is still less expensive in Oregon than in many areas of the country, the last major hydro generating plant on the Columbia River was completed in 1975. National shortages and dependence on imported oil, rapid population growth and increasing energy consumption in the state, and the lack of a comprehensive Federal energy program have influenced the state to formulate and implement its own energy policy.

The 1975 Legislature set the framework for Oregon energy planning with creation of the Oregon Department of Energy, which has responsibility for implementing and managing the state's energy policy. The 1977 and 1979 Legislative sessions adopted conservation and renewable resource incentive programs by which the state could pursue goals adopted in 1975.

The agency has responsibility for energy conservation renewable resources, energy planning, long-range supply and demand forecasting, energy facility siting, and regulation and monitoring.

In 1979, Governor Victor Atiyeh gained Legislative approval to appoint Oregon's first alternate Energy Development Commission (AEDC) to develop a comprehensive plan for conservation and renewable energy resources.

The Three Mile Island nuclear power plant accident in March, 1979 had a significant impact in Oregon. The 1979 Legislature directed that siting approval be withheld until November, 1980 so that implications of the accident could be studied and considered. After completion of the study the siting moratorium was extended until July, 1981. No active applications are pending at this time. Furthermore, in the November, 1980 general election, voters approved a ballot measure which prohibits further development of nuclear power until permanent high level waste disposal facilities are developed.

Energy Supply Trends

Electricity comprised about 25% of Oregon's total conventional energy resources in 1977. Until the mid 1970s, most of Oregon's electricity was produced by regional Federal and utility-owned hydroelectric dams. This capacity has been almost completely developed. Only about one-fourth of Oregon's electrical needs are served by publicly-owned utilities, as contrasted to the State of Washington, where most service is through publicly-owned utilities.

Federal law mandates that publicly-owned agencies have highest priority for electricity marketed by the Bonneville Power Administration (BPA). Prior to 1973, most private utilities in Oregon purchased power from BPA. In 1973, BPA terminated firm electricity supplies to private utilities, although surplus power is still available. Those private utilities then turned to more expensive thermal generation, predominantly purchased from out-of-state, resulting in higher prices to consumers.

Oregon's first and only thermal nuclear power plant, Trojan, supplied up to 25% of the state's total electricity demand by 1979. The shift from hydro to thermal generation has major economic and environmental implications for Oregon and the Pacific Northwest.

Natural gas as a portion of the state's total conventional energy supply peaked in 1973 at 20.5%. Two-thirds of Oregon's natural gas supply is imported from Canada. Federal policy is directed toward eventual complete decontrol of gas prices, which will allow substantial increases in price and promote exploration.

Petroleum products consumption also peaked in 1973, declined by 13% during the next two years, and began to increase again, except during 1979 shortage, when it dropped. Because the state has little influence on petroleum supplies and prices, an energy shortage contingency plan was developed in 1979. The plan addresses the potential problems of gasoline shortages of varying severity and priorities for a heating oil and diesel fuel shortage.

Oregon has abundant renewable resources, particularly in geothermal energy. The Oregon climate is also well suited to use passive solar energy systems. Government and private enterprise initiative have combined to develop a variety of alternate energy resources.

The Oregon forest products industry is developing new means of utilizing wood waste products; forest residues constitute an estimated 30% of energy consumed by Oregon industries.

The nine-member Alternate Energy Development Commission (AEDC) has completed research in 1980 in six areas: solar, wind, geothermal, forest and agricultural residues, alcohol fuels, and hydroelectricity. The commission's goal was to recommend measures by which alternate resources could contribute greater portions of the state's energy needs based on a realistic assessment of the energy potential in each resource area.

In November, 1980, Congress passed the Pacific Northwest Electric Power Planning and Conservation Act. The bill establishes a mechanism for planning and financing new energy resources on a regional basis. Substantial funding is provided under the bill to promote conservation and renewable resources throughout the region.

The 1979 Oregon Legislature adopted fifteen bills focusing on tax incentives for alternate energy innovations. In addition, a measure was passed authorizing loans to individuals, small businesses, nonprofit organizations and municipal corporations for small-scale alternative energy projects. Funds for the loans are authorized through sale of general obligation industrial development bonds up to about $300 million.

Conservation has central emphasis in Oregon's energy program. The perspective is positive, viewing conservation as a source of energy, rather than in the negative sense of cutbacks in the quality of life. This viewpoint is reflected in the Pacific Northwest Regional Power Bill, which treats conservation as a resource that must be fully exploited before new thermal plants can be built.

Conservation programs in the state include weatherization programs, a stringent building code, consideration of energy as a factor in land use planning, and numerous means of facilitating a flow of technological information between the state, individual homeowners and the private sector. The state attempts to avoid duplication of efforts and expertise existing in the private sector.

Use of Energy in Manufacturing

Energy use in Oregon's manufacturing sector as a whole has increased with employment and production. Energy use per worker and per unit of output historically has been increasing. This is primarily due to a greater emphasis on energy intensive industries in Oregon and a decreasing energy price to wage ratio. The importance of the lumber and wood products and food processing industries in Oregon's manufacturing sector has declined while paper, chemicals, and primary metals have increased. This changing manufacturing structure has contributed to trends of increasing energy use per employed person and energy use per unit of production. The relative decline of energy prices as compared to wage rates is expected to be reversed in the future, resulting in a reduced amount of energy required for employing an additional worker or producing an additional unit of output.

Energy Forecasts

The Oregon Department of Energy forecast in its Fifth Annual Report of January, 1981 energy needs for the state by a complex methodology using end-use analysis and econometric modelling. Forecasts include projections of population, employment, energy intensiveness of manufacturing, income, price consumption, energy sources, and consumption by sector.

Energy consumption is predicted to increase throughout the year 2000 at slower rates than in the past. The expected annual rate of growth of energy consumption is 1.1%, as compared to 2.8% for 1968-78. Forecasts of energy price increases, declines in population and real income growth rates and legislatively mandated conservation measures are primarily responsible for the anticipated slowdown in energy demand growth.

The Fifth Annual Report and Demand Forecast of the Department of Energy was published January 1, 1981.

International Trade and Exports

Like other segments of Oregon's economy, geography and natural resources have played a role in the development of the state's international trade activities. The majority of the state's international trade activities are with the Port of Portland, where an efficient system for dealing with a large number of vessels has been developed including modern grain elevators, cranes and containerized-cargo facilities in addition to ship repair and drydock facilities. Other important ports are located at the coastal cities of Astoria, Newport and Coos Bay. The state has a total of twenty-three port districts handling over 4,000 vessels annually.

Portland is the leading export port on the West Coast and in fiscal year 1978-79 led all major seaports with a 44.8% increase in the value of imports and exports.

Exports from Oregon increased at an average annual rate of 21.7% during the period from 1970 to 1979. Imports increased at an average annual rate of 23.1% in the same period. The Oregon Customs District has had a substantial trade surplus throughout the decade.

The leading products exported from Oregon are lumber and wood products, agricultural products and technical instruments.

Exhibit 20 presents value of exports and imports of the Oregon Customs District from 1969 to 1979. Customs District data do not necessarily represent products of Oregon or having Oregon as final destination and exclude certain air cargos.

Tourism

Oregon has many outstanding features which favor development of tourism. The state is noted for protection of its clean environment and natural scenic beauty. Within state boundaries exist two major mountain ranges, vast coastal and desert regions, and multi-use and wilderness forest areas. The state has over 400 miles of seacoast, 47,000 miles of streams, 1,400 lakes and reservioirs, 213 state parks and a national park. While summer is traditionally the peak vacation season, tourism contributes all year to the state's economy and is enhanced by a mild, comfortable climate throughout the year and a wide variety of available leisure activities.

The actual impact of tourism on Oregon's economy is difficult to estimate. Tourism consists of segments of the retail trade, service and transportation industries. The energy supply may affect the tourist industry in the future.

By bringing in capital from outside the state, tourism has a significant impact on income and employment levels. The Oregon State Highway Division estimated the magnitude of tourist expenditures to be $700 million in 1977 and almost $1 billion in 1978, about a 35% increase over 1977.

EXHIBIT 20 — STATE OF OREGON
OREGON CUSTOMS DISTRICT EXPORTS AND IMPORTS
1969-1979
(Millions of Current Dollars)

Year	Exports	% Change	Imports	% Change
1969	$665.7		$357.4	
1970	786.9	+18.2%	382.1	+6.9%
1971	576.7	-26.7	412.5	+8.0
1972	791.4	+37.2	484.6	+17.5
1973	1697.2	+114.5	605.2	+24.9
1974	2259.7	+33.1	903.5	+49.3
1975	1982.2	-12.3	809.0	-10.5
1976	2134.9	+7.7	1108.2	+37.0
1977	1798.3	-15.8	1151.4	+3.9
1978	2414.8	+34.3	2055.7	+78.5
1979	3063.6	+26.9	2361.8	+14.9

Source: U.S. Department of Commerce, Portland District Office

Post Secondary Education

The Oregon State Board of Higher Education is the governing board for the Oregon State System of Higher Education. Approximately 64,000 students attend the eight institutions composing the system. The state operates three universities: the University of Oregon in Eugene, Oregon State University in Corvallis, and Portland State University in downtown Portland. Other state schools include Eastern Oregon State College, Western Oregon State College, Oregon Institute of Technology, Southern Oregon State College, and the University of Oregon Health Sciences Center, which consists of Medical, Dental, and Nursing Schools located in Portland.

In addition, there are twenty-one independent colleges, fourteen community colleges and various proprietary vocational schools in the state.